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Chapter 1: Introduction and Overview



Back row: Cllr. M. Mathe (PR), Cllr. P. Nocanda (PR), Cllr. N. Mavuka (Ward 5), Cllr. M. White (Ward 1), Cllr. F. A. Rodgers (PR)

**Front row: Cllr. M. Kutshwa (Speaker) – (Ward 2), Cllr. N. Thabethe (Deputy Mayor), Cllr. M. Sithole (Mayor) (Ward 3), Cllr. N. Jojozi (Ward 4),
Cllr. W. D. Bhengu (Ward 6), Cllr. J. J. Mhlongo (PR)**



Chapter 1: Introduction and Overview

1.1 Mayors foreword

The Greater Kokstad Municipality has from the years of municipal amalgamation and transition made great strides in strengthening and enhancing the interaction and cooperation it enjoys with the community that it serves. With each year that has gone by the municipality has sought to improve its accountability to the community of Greater Kokstad. As observed by members of the community, the municipality has made a significant effort at constantly improving public participation programmes as demonstrated through Integrated Development Plan (IDP) and budget preparation public participation forums and also through Izimbizo and through the activities of the municipality's Ward Committee structures and through the work of Community Development Workers' (CDWs). Accordingly as the Mayor of Greater Kokstad it gives me great pleasure to present the municipality's Annual Report for the 2007/2008 financial year. In keeping with the theme of constantly improving accountability to the community of Greater Kokstad, the municipality has sought to cover all the critical areas of the municipality's operations. The report focuses on matters of governance to afford the community the chance to assess the effectiveness of its chosen representatives and their commitment in carrying out the mandate given by the community through their elevation to important positions of public office. This theme of openness, transparency and accountability is carried further through the provisions of reports on the effectiveness of the municipality's administration from the Executive Committee to the Municipal Manager and down to the municipality's support functions, including Human Resources (HR) and budget and treasury management. The core focus is of course the municipality's performance against priorities set and adopted in conjunction with the community as set out in detail on the municipality's IDP, budget and Service Delivery and Budget Implementation Plan (SDBIP).

The annual report provides specific detail on the municipality's achievement against individual performance objectives, as set out in detail under Chapter 5 below. The annual report provides the community with the opportunity to assess the municipality performance against the priorities agreed upon at the beginning of the financial year. Hopefully this opportunity will provide members of the community with the ability to improve its interaction and cooperation with the municipality, leading to an improved contribution during public participation forums and thereby seamlessly completing the accountability cycle which begins with the setting of objectives and priorities. The municipality also recognises the need to develop and strengthen the skills and capacity of its people as represented by Councillors and officials and has various skills development and training programmes aimed at achieving this end result. In keeping with this commitment to growth of individual Councillors and officials, as Mayor, I hereby note the departure of Mr. G. M. Sineke with a mixture of sadness and pride, he singularly demonstrates this ideal of individual development as he has over the years served the municipality with commitment and diligence in his various roles as Deputy Mayor, Social Development Manager and briefly as the municipality's Acting Municipal Manager. The municipality's wishes him well in his new position as the Municipal Manager of our neighbouring municipality within the Sisonke District – Ingwe Municipality. The municipality also wishes the Acting: Social Development Manager, Ms. Boniwe Zulu well in her new role and hopes that it affords her further opportunities for growth.



Chapter 1: Introduction and Overview

1.2 Message from the Office of the Speaker

As stated in our previous annual report, the municipality has made it its stated objective to improve the municipality's governance structures. The Mayor, in his foreword above has also sought to clearly demonstrate such commitment to good governance. The Office of the Speaker has thus prioritised the need to ensure the effective functioning of such structures and as part of this report we have provided details of the effectiveness and commitment of community representatives in the form of Councillors and members of Ward Committees. The municipality has sought to strengthen the ability of such public representatives to faithfully represent and effectively carry out the mandate given by the community to such public representatives. The municipality has also sought to strengthen the municipality's cooperative governance structures and has over the past years implemented various cooperatives forums with sector departments and other municipalities to ensure that the municipality in prioritising and implementing its programmes that such are aligned with national, provincial and district priorities. The municipality has also sought to streamline the functioning of its various committees from the numerous that existed in the previous financial year, which included the Planning and Infrastructure; HR and Administration; Social Development; IDP, PMS and Budget Steering; Employment Equity and Skills Development Steering; Community Participation, Communication and Inter-Governmental Relations; Special Programmes, Sports, Recreation and Arts and Culture; Poverty Alleviation, Housing and Local Economic Development (LED); Performance and Project Monitoring Committees and various statutory forums and committees including the Executive Committee; Local Labour Forum and IDP Representative Forum. These committees have been rationalised and streamlined to just four committees, namely the Governance; Human Resources and Administration; Social Development and Infrastructure, Planning and Development Committees, including the statutory Local Labour Forum and Executive Committee. The municipality has also made a concerted effort to raise its profile and create awareness amongst members of the community by organising various Izimbizo to allow members of the community to be kept continually abreast of positive developments within the municipality. The municipality has also applied tremendous effort in ensuring that its communications machinery functions effectively and also that it supports its public participation programmes. The municipality has noted the community's positive response in the increased participation and this is much appreciated. Once again the municipality is looking forward to the implementation of further good governance measures in the new financial year and hopes that the community will as already demonstrated in the 2007/2008 financial year respond by voting with their feet and participating in their numbers.



Chapter 1: Introduction and Overview

1.3 Governance Report Governance and Administrative Structures

The Greater Kokstad Municipality is a Category B Municipality (local municipality) as defined under section 3 of the Local Government: Municipal Structures Act No. 117 of 1998 (Municipal Structures Act). The municipality is governed through a collective executive system which allows for the exercise of executive authority through an executive committee in which the executive leadership of the municipality is collectively vested. The Council is made up of 11 individual Councillors, including the Mayor, Deputy Mayor, Speaker, three Executive Committee members and non-executive Councillors. The Executive Committee is comprised of one Executive Councillor, the Deputy Mayor and the Mayor, making up a total of three members. The functioning of the Executive Committee is supported by the five Council Committees which convene meetings to consider and discuss matters pertaining to their respective portfolios, namely: Human Resources and Administration; Governance; Infrastructure, Planning and Development; Social Development committees and Local Labour Forum. The Accounting Officer (Municipal Manager) and section 57 managers (Local Government: Municipal Systems Act No. 32 of 2000 (Municipal Systems Act)) are invited to Council, Executive Committee and Portfolio Standing Committees to represent the municipality's administration and to give an account of the achievement against targets set as part of the mandate obtained from the community and the Council, as community representatives, in the form of the IDP, budget, strategic and operational plans and the Service Delivery and Budget Implementation Plan (SDBIP).

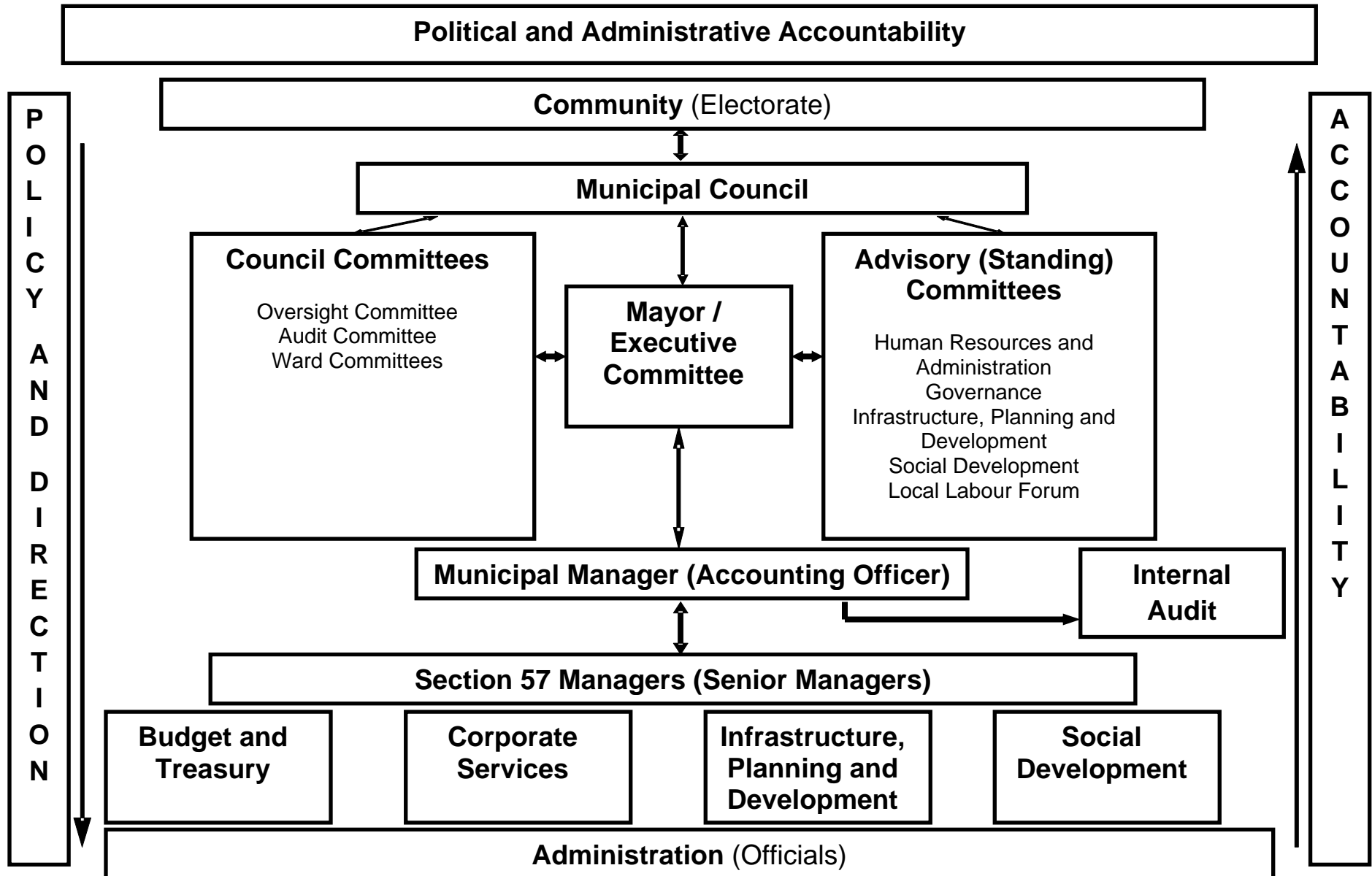
Functioning of Governance and Administrative Structures

The Speaker of the Council chairs the meetings. Special Council meetings are called by the Speaker as and when required during the course of the financial year. The Executive Committee calls for special meetings when deemed necessary. As mentioned above, the Accounting Officer (Municipal Manager) and section 57 managers (Municipal Systems Act) are invited to Council, Executive Committee and Council Committees to represent the municipality's administration and to give an account of the achievement against targets set as part of the mandate obtained from the community and the Council. The municipality has established ward committees as provided for under section 72(2) of the Municipal Structures Act. The municipality has established ward committees for each of the municipality's 6 wards and these committees are chaired by the Councillor representing that ward in the Council. The ward committees are established for purposes enhancing participatory democracy in local government and to make recommendations on any matter affecting their relevant wards. The municipality has made administrative arrangements to enable ward committees to perform their functions and exercise their powers effectively and is continuously looking at provision of capacity building and development opportunities for committee members as a means of enhancing their understanding and appreciation of the concept of developmental local government and thus improve their respective contribution to the effectiveness of the ward committee structures. The diagram below is an illustrative overview of the Greater Kokstad Municipality's governance and administrative structures.



Chapter 1: Introduction and Overview

Greater Kokstad Municipality – Governance and Administrative Structures





Chapter 1: Introduction and Overview

Audit Committee, Internal Audit and Risk Management

The audit committee has been fully functional during the current financial year. There were two meetings held during the financial year, which were attended by both members of the audit committee, N Tshabala and S Mjoli. The third member of the audit committee, Mr. Strachan, resigned. The municipality's internal audit function is outsourced to an audit firm, which deals with matters of internal auditing and risk management on behalf of the municipality.

Internal Control, Policies and Procedures

In keeping with the goal of achieving and maintaining a sound internal control environment, the municipality, during the financial year under review, compiled, reviewed, workshopped and adopted various policies dealing with a variety of municipal administrative and operational matters, including human resources, administrative support, financial management and governance matters. The municipality also upgraded its integrated financial management system to further enhance its internal control environment and also continued to promote and enhance compliance with proper supply chain management and labour relations regulations. The municipality has sought to improve the skills and management capabilities of officials by availing various skills and personal development programmes. This focus on skills development was also extended to all municipal officials as provided for in the municipality workplace skills plan. There is a Skills Development Plan in place and it has been implemented. Annually a skills audit in relation to the functions of the municipality and priorities for that year will be undertaken to inform the skills development plan. This plan is funded through the SETA claiming process. In addition to the annual skills plan the municipality has a bursary scheme for officials funded from the budget. Grant funding from National Treasury is to be utilised for improvement of financial staff skills to ensure MFMA compliance and sound financial management. The municipality also has an employment equity plan in place and intends to achieve and maintain the equity and diversity targets contained therein.



Chapter 1: Introduction and Overview

Attendance of Council meetings

Ordinary Council meetings

Date of ordinary council meetings: 04/07/2007; 01/08/2007; 30/08/2007; 05/10/2007; 31/10/2008; 29/11/2007; 12/12/ 2007; 31/01/2008; 27/02/2008; 27/03/2008; 30/04/2008; 29/05/2008; 26/06/2008

| Councillors | Number of meetings scheduled | Number of meetings attended | Number of meetings absent |
|---------------------|------------------------------|-----------------------------|---------------------------|
| Cllr. M. Sithole | 13 | 12 | 1 |
| Cllr. N. Thabethe | 13 | 12 | 1 |
| Cllr. M. Kutshwa | 13 | 9 | 4 |
| Cllr. F. A. Rodgers | 13 | 6 | 7 |
| Cllr. M. White | 13 | 10 | 3 |
| Cllr. N. Mavuka | 13 | 10 | 3 |
| Cllr. P. Nocanda | 13 | 9 | 4 |
| Cllr. W. D. Bhengu | 13 | 11 | 2 |
| Cllr. J. J. Mhlongo | 13 | 10 | 3 |
| Cllr. M. Mathe | 13 | 11 | 2 |
| Cllr. N. Jojozi | 13 | 10 | 3 |



Chapter 1: Introduction and Overview

Special Council meetings

Date of special council meetings: 06/08/2007; 03/09/2007; 25/10/2007; 12/12/2007; 16/01/2008; 23/06/2008

| Councillors | Number of meetings scheduled | Number of meetings attended | Number of meetings absent |
|----------------------------------|------------------------------|-----------------------------|---------------------------|
| Cllr. M. Sithole (Mayor) | 6 | 5 | 1 |
| Cllr. N. Thabethe (Deputy Mayor) | 6 | 5 | 1 |
| Cllr. M. Kutshwa (Speaker) | 6 | 5 | 1 |
| Cllr. F. A. Rodgers | 6 | 2 | 4 |
| Cllr. M. White | 6 | 4 | 2 |
| Cllr. N. Mavuka | 6 | 5 | 1 |
| Cllr. P. Nocanda | 6 | 6 | 0 |
| Cllr. W. D. Bhengu | 6 | 6 | 0 |
| Cllr. J. J. Mhlongo | 6 | 5 | 1 |
| Cllr. M. Mathe | 6 | 6 | 0 |
| Cllr. N. Jojozi | 6 | 5 | 1 |



Chapter 1: Introduction and Overview

Attendance of Council Committees meetings

Infrastructure, Planning and Development Committee

| Councillors | Number of ordinary meetings scheduled | Number of ordinary meetings attended | Number of ordinary meetings absent |
|---------------------|---------------------------------------|--------------------------------------|------------------------------------|
| Cllr. M. Sithole | 7 | 4 | 3 |
| Cllr. M. Kutshwa | 7 | 3 | 4 |
| Cllr. F. A. Rodgers | 7 | 6 | 1 |
| Cllr. M. White | 7 | 5 | 2 |
| Cllr. M. Mathe | 7 | 5 | 2 |

Local Labour Forum

| Councillors | Number of ordinary and special meetings scheduled | Number of ordinary meetings attended | Number of ordinary meetings absent | Number of special meetings attended | Number of special meetings absent |
|---------------------|---|--------------------------------------|------------------------------------|-------------------------------------|-----------------------------------|
| Cllr. N. Jojozi | 12 | 6 | 1 | 2 | 3 |
| Cllr. N. Mavuka | 12 | 3 | 4 | 3 | 2 |
| Cllr. J. J. Mhlongo | 12 | 5 | 2 | 4 | 1 |

Social Development Committee

| Councillors | Number of meetings scheduled | Number of ordinary meetings attended | Number of ordinary meetings absent |
|--------------------|------------------------------|--------------------------------------|------------------------------------|
| Cllr. N. Jojozi | 11 | 10 | 1 |
| Cllr. W. D. Bhengu | 11 | 9 | 2 |
| Cllr. N. Mavuka | 11 | 4 | 7 |



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Human Resources and Administration Committee

| Councillors | Number of ordinary and special meetings scheduled | Number of ordinary meetings attended | Number of ordinary meetings absent | Number of special meetings attended | Number of special meetings absent |
|---------------------|---|--------------------------------------|------------------------------------|-------------------------------------|-----------------------------------|
| Cllr. P. Nocanda | 12 | 10 | 1 | 0 | 1 |
| Cllr. J. J. Mhlongo | 12 | 9 | 2 | 1 | 0 |
| Cllr. N. Thabethe | 12 | 4 | 7 | 1 | 0 |

Governance Committee

| Councillor's Name | Number of ordinary meetings scheduled | Number of ordinary meetings attended | Number of ordinary meetings absent |
|---------------------|---------------------------------------|--------------------------------------|------------------------------------|
| Cllr. J. J. Mhlongo | 11 | 10 | 1 |
| Cllr. P. Nocanda | 11 | 9 | 2 |
| Cllr. N. Thabethe | 11 | 4 | 7 |

Executive Committee

| Councillor's Name | Number of ordinary and special meetings scheduled | Number of ordinary meetings attended | Number of ordinary meetings absent | Number of special meetings attended | Number of special meetings absent |
|--------------------|---|--------------------------------------|------------------------------------|-------------------------------------|-----------------------------------|
| Cllr. W. D. Bhengu | 13 | 10 | 1 | 2 | 0 |
| Cllr. M. Sithole | 13 | 9 | 2 | 2 | 0 |
| Cllr. N. Thabethe | 13 | 4 | 7 | 2 | 0 |



Chapter 1: Introduction and Overview

Ward Committee System

As stated under 1.1 (Mayor's Foreword) above, the municipality has over the past financial year paid close attention to the performance of its governance structures, particularly that of its ward committees. We have included below detailed information on the activities of ward committees. The municipality has attempted to address the challenges of lack of understanding of local government legislation, rural vastness, lack of institutional capacity and limited funding and resources to implement programmes by facilitating training of secretaries and administrative support personnel on meeting procedures, minute-taking and record keeping and also training ward committee members on their roles and responsibilities and the implications of various legislative mandates. The municipality has also appointed a Public Participation Practitioner to provide administrative support to ward committees. A monitoring and feedback mechanism was implemented by the Office of the Speaker. These initiatives have fostered good relationships with all ward committees and have also assisted in the establishment of functioning ward committees.

Attendance of Ward Committee meetings

Ward: 1 – Ward Councillor: Cllr. White

Dates of meetings: 11/12/2007; 07/02/2008; 12/06/2008

| Name of committee member | Number of meetings scheduled | Number of meetings attended | Number of meetings absent |
|----------------------------|------------------------------|-----------------------------|---------------------------|
| Cllr. White | 3 | 3 | 0 |
| Mr. Sipiwo Jubase | 3 | 1 | 2 |
| Mrs. Bongiwe Mathangana | 3 | 1 | 2 |
| Mr. Zamiqhinga Bhilitile | 3 | 1 | 2 |
| Mr. N Gxongo | 3 | 1 | 2 |
| Ms. Bongiwe Gule | 3 | 1 | 2 |
| Ms. Bongiwe Duma | 3 | 1 | 2 |
| Mr. Thozamile Nomdlombhoyi | 3 | 1 | 2 |
| Mr. Andile Sipheka | 3 | 1 | 2 |
| Mr. Zolile Sabile | 3 | 1 | 2 |
| Mr. Benjamin Ntsombothi | 3 | 1 | 2 |



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Ward: 2 – Ward Councillor: Cllr. Kutshwa

Dates of meetings: 29/08/07; 06/11/07; 23/04/08; 21/05/08

| Name of committee member | Number of meetings scheduled | Number of meetings attended | Number of meetings absent |
|--------------------------|------------------------------|-----------------------------|---------------------------|
| Cllr. Kutshwa | 4 | 4 | 0 |
| Mr. A. Makhoba | 4 | 4 | 0 |
| Mr. H.Nzimande | 4 | 4 | 0 |
| Ms. Z.B Ndzimande | 4 | 1 | 3 |
| Mr.M.Ntlangulela | 4 | 2 | 2 |
| Mrs. I. Jansen | 4 | 4 | 0 |
| Mrs. E. Jansen | 4 | 4 | 0 |
| Mr. E. Duma | 4 | 3 | 1 |
| Mr. P Long | 4 | 2 | 2 |



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Ward: 3 – Ward Councillor: Cllr. Sithole

Dates of meetings: 10/07/2007; 19/03/2007

| Name of committee member | Number of meetings scheduled | Number of meetings attended | Number of meetings absent |
|---------------------------|------------------------------|-----------------------------|---------------------------|
| Cllr. Sithole | 2 | 2 | 0 |
| Ms. Andiswa Gandela | 2 | 2 | 0 |
| Mrs. Victoria Mfihlwa | 2 | 2 | 0 |
| Mrs. Karva Zahira | 2 | 2 | 0 |
| Mrs. Nomfundo Dlatu | 2 | 1 | 1 |
| Mr. Mbulelo Nkonzo | 2 | 1 | 1 |
| Mr. Zola Godo | 2 | 1 | 1 |
| Mrs. Janita Hyde | 2 | 1 | 1 |
| Mr. Ryno Moerlin Beginsel | 2 | 1 | 1 |



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Ward: 4 – Ward Councillor: Cllr. Jojozi

Dates of meetings: 15/11/2007; 07/02/2008; 24/04/2008

| Name of committee member | Number of meetings scheduled | Number of meetings attended | Number of meetings absent |
|--------------------------|------------------------------|-----------------------------|---------------------------|
| Cllr. Jojozi | 3 | 3 | 0 |
| Mr. C. Ntlangulela | 3 | 3 | 0 |
| Mr. N. Sondlo | 3 | 3 | 0 |
| Mr. E. D. Mentor | 3 | 0 | 3 |
| Mr. N. Mancoba | 3 | 2 | 1 |
| Mr. L. Dano | 3 | 1 | 2 |
| Mr. I. Zuma | 3 | 2 | 1 |
| Mr. H. Zeka | 3 | 1 | 2 |
| Ms. J. Van Waltsleben | 3 | 2 | 1 |
| Mrs. N. Jezile | 3 | 3 | 0 |
| Mrs. A. P. Elliot | 3 | 2 | 1 |



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Ward: 5 – Ward Councillor: Cllr. Mavuka

Dates of meetings: 24/07/2007; 13/12/2007; 21/02/2008

| Name of committee member | Number of meetings scheduled | Number of meetings attended | Number of meetings absent |
|--------------------------|------------------------------|-----------------------------|---------------------------|
| Cllr. Mavuka | 3 | 3 | 0 |
| Mr. L. Mzimba | 3 | 3 | 0 |
| Mr. M Tyabule | 3 | 0 | 3 |
| Mr. V Satywa | 3 | 3 | 0 |
| Mrs. N Mbaba | 3 | 3 | 0 |
| Ms. S Mpofu | 3 | 1 | 2 |
| Ms. L Madlala | 3 | 1 | 2 |
| Ms. V. Diko | 3 | 0 | 3 |
| Mr. E Gunkel | 3 | 1 | 2 |
| Mr. S Jones | 3 | 2 | 1 |
| Mrs. N Bobe | 3 | 2 | 1 |



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Ward: 6 – Ward Councillor: Cllr. Bhengu

Dates of meetings: 15/08/2007; 06/12/2007; 11/03/2008; 26/06/2008

| Name of committee member | Number of meetings scheduled | Number of meetings attended | Number of meetings absent |
|--------------------------|------------------------------|-----------------------------|---------------------------|
| Cllr. Bhengu | 4 | 4 | 0 |
| Mr. L. Gregory | 4 | 2 | 2 |
| Mr. A. W. Marais | 4 | 2 | 2 |
| Mrs. N.C. Ntsombothi | 4 | 4 | 0 |
| Mr. L. Sithole | 4 | 2 | 2 |
| Ms. N.Lunika | 4 | 4 | 0 |
| Ms. N.M Silwanyana | 4 | 4 | 0 |
| Ms. B. Doko | 4 | 3 | 1 |
| Ms. T.Madlebe | 4 | 3 | 1 |
| Ms.L.M.Pakkies | 4 | 3 | 1 |
| Mr. F. W. Zoleka | 4 | 1 | 3 |



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1.4 Municipal Manager's Report

The administration of the Greater Kokstad Municipality is a key component of the engine that drives service delivery to the community. The administration receives direction from the mandate derived from the community, which is then conveyed through the Council, as the public representatives of the Greater Kokstad community and is then formulated into concrete programmes and implemented through the administration. As, Municipal Manager, I have recognised the importance of the role that human resources play in this entire cycle of delivery and as the municipality we have prioritised the need for constantly improving the skills and capacity of our officials. The municipality has various skills development programmes that it conducts during the financial year and that form an integral part of official's individual development plans. The municipality is expending a considerable amount of effort in ensuring that once developed, officials are retained so that the municipality can enjoy their continued positive contribution to the functioning of the municipality's administration and in turn the achievement of the municipality's service delivery and performance objectives. In line with this goal, the municipality currently has a full complement of senior managers, with the exception of the Social Development Manager, who as noted above, has departed for the Municipal Manager's position at a local municipality within the Sisonke District. The municipality's administration has also strived to align itself with the theme of openness, transparency and accountability by ensuring that it implements an effective performance management system as required per the Local Government: Municipal Systems Act (MSA), and making the signing by senior managers of annual performance agreements that are linked to measurable performance objectives and service delivery targets approved with the budget and the SDBIP, the cornerstone of this performance management system as required by the Local Government: Municipal Finance Management Act (MFMA). This has allowed the municipality to hold the administration, as represented by the municipal manager and the senior managers, as heads of individual department, accountable for measurable performance objectives mandated by the community through the preparation, approval and adoption of the IDP and the budget. The municipality has provided considerable detail on the achievement by the municipality against individual performance targets under Chapter 5 below. The municipality has also sought to improve the working conditions and also the overall image of the municipality by commissioning a project to effective extensive renovations to the municipality's main municipal building. The project is planned for completion in ? 2009 and the municipality's has moved the bulk of its administrative functions to the Town Hall until such completion date arrives. Further to this, the effective functioning of the municipality's administration over the last few financial years has enabled the municipality to also apply a considerable amount of effort to its outward looking programmes, including the conducting of effective public participation programmes, Izimbizo and also on delivering effective social and community services including town cleansing, waste management, public amenities, fire and disaster management and public safety. The municipality has also applied considerable effort on its LED programmes and this has manifested into several high impact LED projects, one of which is the Hans Mereensky timber processing plant. The municipality has several LED and development projects in the pipeline at various planning and implementation stages to ensure that the Greater Kokstad economy is suitably stimulated and that various social and economic upliftment opportunities are created. The municipality recognises its role as catalyst in such LED programmes and has over the years sought to strengthen its support to such initiatives by strengthen its planning and development functions, including a well defined Land Use Management System (LUMS) and has also continued to drive infrastructure improvement through MIG and own funded infrastructure development projects, incorporating roads and stormwater, electricity, housing and public amenities projects and has sought to work hand in hand with the Sisonke District



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Municipality to ensure that the development of the municipality's bulk water and sewerage infrastructure is in line with the rate of development within the Greater Kokstad Municipality. As Municipal Manager, I hope that this annual report will afford the municipality's various stakeholders the opportunity to assess the municipality performance over the 2007/2008 financial year with an eye towards providing fresh and innovative ideas which the municipality can implement towards its goal of continued out performance on all its delivery initiatives and to remain true to its slogan – "crossing the rubicon to business unusual".



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1.5 Overview of the municipality

Geographical profile

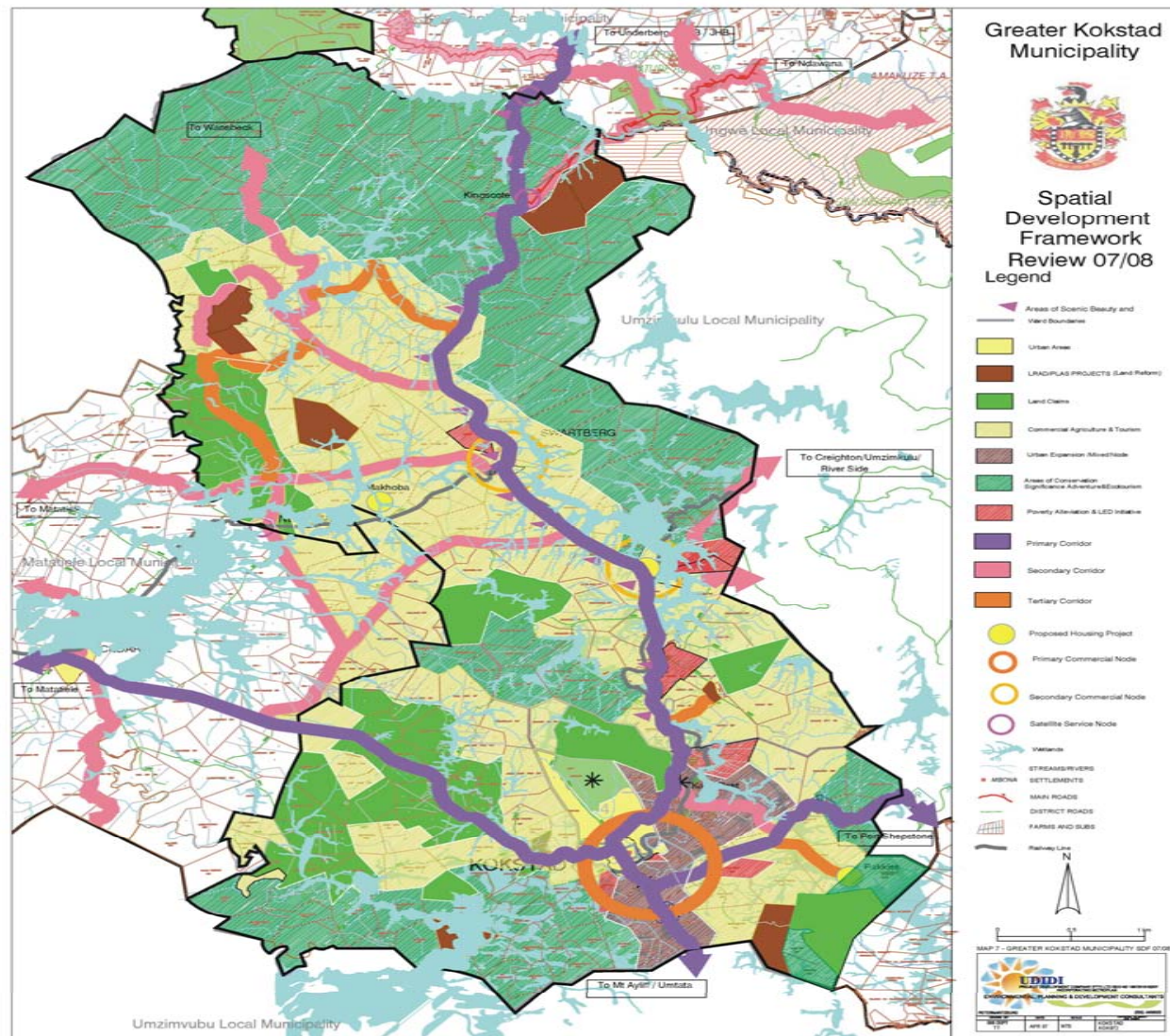
Greater Kokstad Municipality is located to the Southwestern tip of KwaZulu-Natal Province. The municipality is bordered by Matatiele Local Municipality and Lesotho to the West, KwaSani Local Municipality to the North, Umziwabantu Local Municipality to the South East and Umzimvubu Local Municipality (Eastern Cape Province) to the East. The N2 traverses the municipality linking Kwazulu-Natal with the Eastern Cape Province.

Greater Kokstad Municipality has three urban nodes – Kokstad town, Swartberg and Franklin. Kokstad town is the major economic centre due to its strategic location in terms of transport network, economic and administrative activities. The national route (N2) links the area to the major economic nodes such as Port Shepstone and Durban in the KwaZulu Natal Province and Mthatha in the Eastern Cape Province. The R56 links Kokstad to Ixopo and Pietermaritzburg. The strategic location of Kokstad creates opportunities for economic growth.

Emanating from the spatial location of the area is a high population growth rate due to high immigration of people from the Eastern Cape and parts of KwaZulu Natal to the area in search of job opportunities. The municipality is therefore faced with a challenge of planning and providing basic services and employment opportunities to the communities that settle in the Greater Kokstad area from its surrounding and neighbouring areas. There are also land reform projects in rural areas like Pakkies 1 and Pakkies 2 and Kransdraai. Apart from the built environment, there is also agriculture, indigenous forests and areas of biodiversity. The municipality acknowledges the relationship between the built and the natural environment and has adopted an integrated approach to development and protection of the natural environment. One major spatial challenge facing the municipality is illegal occupation of land for housing purposes. The municipality is currently developing the Land Use Management System (LUMS) and by-laws (to be prepared after the Land Use Scheme has been completed) which will enable the municipality to control land use and apply to court to demolish any structure that is in contravention of its Land Use Scheme. This will contribute towards orderly and harmonious development.



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Chapter 1: Introduction and Overview

Demographic profile

This section outlines the demographic profile of the municipality. The population estimates were calculated on 2, 21% growth rate.

| Population Group | 2001 | 2006@2,21% | 2007@2,21% | 2008@2,21% | 2009@2.21% | 2010@2,21% |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| African | 46, 832 | 52, 241 | 53, 396 | 54, 576 | 55, 782 | 57, 015 |
| Coloured | 6, 209 | 6, 926 | 7, 079 | 7, 235 | 7, 395 | 7, 558 |
| Indian | 454 | 506 | 517 | 528 | 540 | 552 |
| White | 3, 030 | 3, 379 | 3, 454 | 3, 530 | 3, 608 | 3, 688 |
| Total Population | 56, 526 | 63, 052 | 64, 446 | 65, 869 | 67, 325 | 68, 813 |

The 2001 Census has been used by the municipality as a base for current and future planning though the municipality has raised some concerns regarding the accuracy of the figures as it is believed that the total population for the area is more than the 2001 census figures and forecast made. The municipality has once considered the option of conducting a population survey to determine the accurate population within its jurisdiction but as result of financial constraints that exercise has not yet been implemented.



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Economic analysis

The area has three potential economic growth pillars, Tourism, Agriculture and Industrial and Manufacturing. Agricultural production is the most popular compared to the other pillars. This is evident from land coverage assessment in the area which shows that the highest land utilization is agriculture. However, this sector is not producing enough employment compared to the land utilised, the table below illustrates the employment statistics.

| Monthly Income | Number | Percentage |
|-------------------|---------|------------|
| No income | 37, 136 | 65.69% |
| R1 - R400 | 6, 977 | 12.34% |
| R401 - R800 | 4, 762 | 8.42% |
| R801 - R1, 600 | 2, 521 | 4.46% |
| R1, 601 - R3, 200 | 2, 185 | 3.87% |
| R3, 201 - R6, 400 | 1, 689 | 2.98% |
| R6, 401 and above | 1, 259 | 2.23% |

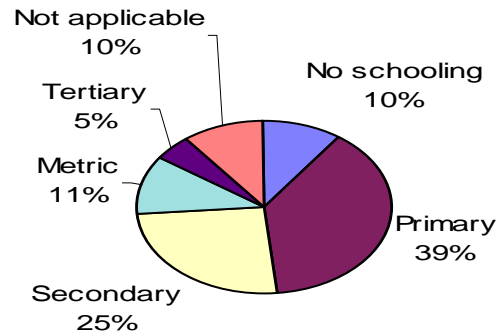
Source: Statistics SA, 2001

The municipality has a population of approximately 2.23 % earning up to R6, 401 or more. 78% of the population earns R400 or less a month, however this is attributed by low levels of education and lack of skills within the municipality as demonstrated in the graph below.



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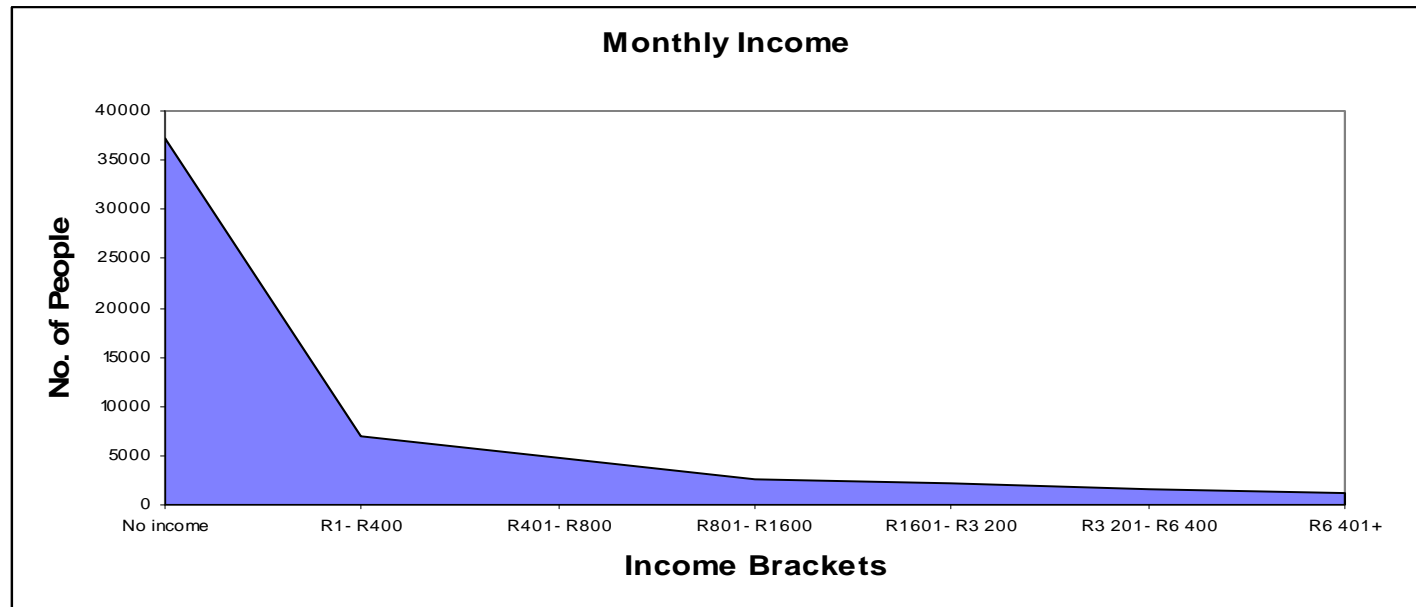
Highest Educational Level (Greater Kokstad)



There are also serious concerns with the population earning within a bracket of R6, 401 hence many people working in the public sector are from outside the municipal area. The graph below illustrates the monthly income of the people of Kokstad.



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Statistics South Africa 2001

There is limited or no manufacturing industries in the municipality with no plant/processing activities. All existing commercial agricultural activity is taking place on privately owned land and this factor combined with low employment activities could mean absence of real economic growth.



Chapter 1: Introduction and Overview

Overview of infrastructure services

An overview of the status of infrastructure services within Greater Kokstad, including roads and storm water, water and sanitation, electricity, telecommunications and sports and recreational facilities.

Roads and storm water

The Greater Kokstad area consists of two types of transport modes in terms of infrastructure in place, rail transport and road transport. Road transport consists of four categories: the National Road (N2), Provincial Roads (R56), District Roads and Local Roads. The railway line is not currently being used. Road transport is the only functional mode of transport in the area. This has resulted in roads being degraded and thus requiring frequent maintenance which has major financial implications. The railway line can be used to transport goods, agricultural products or people depending on consumer demand. The revitalisation of the railway line remains Spoornet's function. In relation to Provincial Roads, the Department of Transport (DoT) currently maintains gravel roads in the outlying settlements of Greater Kokstad. The Department is currently constructing L149 1 and 2, Thuli Rustlers Route Phase 1 drainage, Maraiskop Road No1 – widening of the road (entrance into Kokstad from the South) and Mzintlava Bridge and construction of Mariaskop Road. During the 2005/06 financial year projects such as widening of bridges along major roads into Kokstad were implemented. There are also a number of road projects to be implemented by DoT in the upcoming financial years in the area. Regardless of what has been achieved, roads and storm water condition is still below expected standards. Contributing to the demand for roads infrastructure are major housing developments in areas like Eastview, Riverview, Willowdale, Shayamoya and Horseshoe.

Water and sanitation

The function of water has been taken over by Sisonke District Municipality and Greater Kokstad Municipality has signed an agreement with the district municipality. All water and sanitation related functions are now performed by the Sisonke District Municipality. According to the backlog study conducted by the district municipality in 2005, Greater Kokstad Municipality requires funding estimated at R10, 474, 025.60 for water and R3, 855, 958.80 for sanitation backlog inclusive of operating and capital costs. The following figures illustrating standards of water and sanitation services provided in the Greater Kokstad area were taken from the backlog study.



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| Population percentage for water | Population percentage for sanitation | Status |
|---------------------------------|--------------------------------------|------------------|
| 75,04 % | 72,87% | Served above RDP |
| 10,27% | 10,75% | Served at RDP |
| 0,00% | 0,00% | Served below RDP |
| 14,69% | 16,38% | Unserved |

In Thuthukani there are two boreholes equipped with hand pumps. Because of the position of these springs residents prefer obtaining water from an unprotected spring and river stream thus increasing their chances of contracting water-related disease.

Ekuthuleni is a land reform area which is in process being serviced for formal resettlement. Currently the area has no formal water supply and this issue will form part of the development plan of the area which is being addressed by the Department of Land Affairs, Greater Kokstad Municipality and Sisonke District Municipality. The community currently makes use of nearby streams as the main source of water. There is no proper sanitation facility in the area.

Pakkies area has formal water supply with only 15 standpipes. The area has a protected spring supplying a service reservoir and communal stand pipe reticulation. The water supply clearly does not meet the DWAF requirements in terms of both the quality and level of service. There are two institutions in the form of a school and community hall that are not connected to the existing water infrastructure. There is no proper sanitation facility in the area.

In Maraiskop area, the Hilltop section has its water source as the nearby river. The weir was constructed across the river and water is extracted directly from it. This therefore means the community is consuming unpurified water. The Middelbult community draws water from a protected spring. Vaalbank community currently uses a borehole. There is no proper sanitation facility in the greater Mariaskop.

Makhoba residents use unprotected spring as a source of water. Water gravitates through furrows to an earth fill dam, from where it is pumped to two elevated plastic tank prior to distribution to the households. There is no proper sanitation facility in Makhoba.

In Wansbeck there is a water supply currently under implementation which meets DWAF and RDP guidelines. There is no proper sanitation facility in the area.

In Franklin out of 215 households, 200 reside in informal settlement. The remaining 15 are Spoornet properties and are therefore supplied with water through 15 yard taps. The Greater Kokstad Municipality has provided the informal settlement with two tap stands and five flush toilets.

Swartberg comprises of 265 households of which only 5 house holds have proper water supply and sanitation facilities.

In Kransdraai there exists only one borehole fitted with a positive displacement, line shaft driven, Mono pump powered by a 3-phase 380v and 4KW electric motor. Water is dispensed to the community through yard trickle feed tanks. Out of 102 households, 98 have yard connection with one tap stand and pay a monthly flat rate of R13.00 towards operation and maintenance. There are 98 brick VIP toilets in Kransdraai.



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In Ergeton, water is sourced from an existing borehole in the local school and there is no sanitation facility in existence.

There is full reticulation system in areas of Kokstad, Bhongweni, Extension 7, Shayamoya and Horseshoe. The physical infrastructure like bulk pipelines and reservoirs are in generally good condition however, 65% of the reticulation infrastructure dates back to the 1950's and 1960's and needs to be upgraded or replaced. The upgrading program for urban infrastructure has been developed in the Sisonke District Municipality Water Services Development Plan. Current upgrading of bulk water supply in the area include – a weir on the Mzintlava River, a high-lift pump-station and a 5 km rising main to deliver 5MI/d to the waterworks to augment the raw water supply from Crystals Spring Dam; a third clarifier at the waterworks (increasing the clarification capacity from 9 MI/d to 13,5 MI/d); a new chemical dosing facility and modification to the chlorine gas handling and regulating equipment in order to meet recently amended statutory safety requirements.

Notwithstanding the above, the Greater Kokstad Municipality is faced with a challenge of water shortage. There is a need to upgrade bulk water and sewerage services to cater for new developments in the area. A report done by consulting engineers in 2004 indicates that the bulk water supply's capacity to meet future demand in the area is limited by:

- old filters which without the drought restrictions are at the limit of their capacity as a result a new filter building (designed for 18 MI/d but initially equipped for 9 MI/d) is required
- insufficient clean water storage
- insufficient Crystal Springs Dam gravity pipeline (currently close to its limit)
- clarifier capacity will be insufficient in the near future

With regards to clean water storage the existing 4,5 MI reservoir at the water works acts as balancing storage between the waterworks output and fluctuating demands, primary storage for Kokstad high level zone and augmenting primary storage to areas with insufficient local storage (Kokstad low zone, Shayamoya and Bhongweni). The water works operator is experiencing difficulty maintaining sufficient primary storage in the above mentioned reservoir due to increasing balancing requirements. Until such time a larger reservoir capacity is provided at the waterworks, this reservoir can not be taken out of service for maintenance and cleaning.

To increase all aspects of bulk water supply the following upgrading is proposed:

- construction of booster pump station at Crystal Springs Dam to increase delivery capacity from dam to 18MI/d
- construction of a new 18MI/d filter building (equipping 3 of 6 filter beds being deferred and retaining oldest filters in service)
- providing recycling facility for spent backwash water (incorporated in new filter building)
- providing pre-chlorination facilities for the water pumped from the river (incorporated in new filter building)
- construction of fourth clarifier to increase overall clarifier capacity to 18MI/d
- construction of 10 MI/d reservoir at water works and
- construction of staff quarters near water works (current quarters are limited and form part of the existing filter building)

A total of R21, 160, 000 excluding VAT is required to bring all the aspects of the supply to a capacity which can meet a peak week daily demand.



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Greater Kokstad has poor raw water supply because of droughts in the area and this issue has been highlighted in the Disaster Management Plan. In the 2003/2004 financial year, DWAF granted the municipality R4 million for drought relief program. Drought relief measures currently being undertaken in Kokstad include the following:

- the construction of a 6 m high concrete dam on the Mzintlava River just upstream of the new river abstraction and pumping scheme (storage capacity of 400, 000m³)
- facilities to divert river water into a disused quarry next to the above mentioned dam and pump the water back into the river when the river flow fails (storage capacity of 230, 000m³)
- construction of various water reticulation pressure reducing control valves and
- the equipping of 1 borehole (capacity of 200m³/ day)

Once completed the above measures will effectively solve the short and medium term raw water supply limitations. It should however be noted that full assessment of the raw water supply capacity should be undertaken to allow for timeous planning.

The provision of sanitation in residential and commercial areas is in the form of a waterborne system. The sewerage treatment works has reached its carrying capacity and needs to be upgraded to ensure that effluent produced meets DWAF water quality requirements. In small towns such as Franklin and Swartberg the majority of households are serviced with septic tanks. The small portion of Franklin on Spoornet property is serviced with a waterborne system. This system will be taken over by the district municipality once transfer of the property from Spoornet to the municipality has been finalised. Kransdraai and Maraiskop are serviced with ventilated improved pit latrines (VIPs). The consulting engineers' report prepared in 2004 indicates that the mechanical drum screeners are urgently required for the inlet work. It is also mentioned that non-biodegradable fibrous matter and plastics especially latex products are causing severe operational and process problems and a sum of R1.2 million is required to resolve this. An additional R19 million (excluding VAT) is required to double works capacity.

Electricity

Electricity in the area is supplied by two service providers: Greater Kokstad Municipality and ESKOM. Greater Kokstad Municipality purchases power from ESKOM and supply it to the old Kokstad Municipal area while ESKOM supplies electricity in rural areas. The municipality is responsible for reticulation and cost recovery in the area it is currently servicing. One major challenge with this arrangement is different tariffs charged by the service providers. Power is generated from ESKOM Sub-station which derives its power from Harding and supplies Municipal Sub-station. The new housing developments in the area such as Eastview, Riverview, Willowdale, Area 12 and 13, Phase 2 and Horseshoe Phase 3 have created a great demand for electricity supply in the area. Most rural communities such as Pakkies Areas, Franklin, Kransdraai, Wansberg, Nauwpoort and Maraiskop require electrification.



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Telecommunications

Telkom is the authority for telecommunications in the Greater Kokstad area. The majority of people in formal urban settlements have access to Telkom services. In rural areas the majority of people rely on cellular phones and cellular network coverage is weak to non-existent in most rural areas.

Sports and recreational facilities

Recreational facilities exist in the area and are concentrated in Kokstad town and Bhongweni. Some of these facilities are currently under rehabilitation and maintenance. More recreational facilities are still required in the area. The municipality has recently conducted an audit of sporting facilities and the findings were to source funding and rehabilitate the existing facilities.

Overview of social and community services

An overview of social and community services such as land and housing, safety and security, fire and disaster management, health, education and free basic services.

Land and housing

Informal settlements

There are two types of residential settlements in the area – informal settlements and formal settlements. Informal settlements are housing developments which have not been planned and approved by the municipality or Housing Department. Informal settlements are caused by illegal occupation of land and development is not accompanied by housing infrastructure such as roads, electricity, sanitation, water and social services. The municipality has prioritised the need to avoid the setting up of new informal settlements as they are normally located in areas that are not suitable for low income housing and are without spatial logic, thus making it difficult and costly to service such settlements. As per the requirement by the Department of Traditional and Local Government Affairs (DLGTA) the table below illustrates the slum areas that need urgent attention within the Greater Kokstad Municipality. A more detailed investigation to ascertain the cost of servicing the informal settlements is required. The informal settlements that would be difficult and costly to service would be relocated and incorporated into planned housing developments.



Chapter 1: Introduction and Overview

Informal settlements

| RESIDENTIAL AREA | STATUS QUO | SERVICE LEVEL |
|-------------------|---|---|
| Franklin Quarters | <ul style="list-style-type: none"> Approximately 500 informal dwellings with an estimated population of more than 1, 500 Area situated on privately owned land (owned by Spoornet) at close proximity to Franklin urban area Area lack non-residential facilities Area located on wetland next to the Vlei | <ul style="list-style-type: none"> Access gained through undefined informal roads Water and sewer supply needs major upgrading Franklin urban area is underdeveloped to economically service any development in the area |
| Area 12 Bhongweni | <ul style="list-style-type: none"> Approximately 514 informal dwelling with an estimated population of 2, 416 Most densely populated area in Bhongweni Site sizes range from 80 to 300 square metres In close proximity to Kokstad Town Area is serviced with basic communal pit latrines, untarred roads which are extremely inaccessible in extreme weather conditions | <ul style="list-style-type: none"> No clean water No electricity Poor roads |
| Area 13 | <ul style="list-style-type: none"> Located between Horseshoe Development and the railway line within former Kokstad Municipality area Estimated 263 informal dwellings with an estimated population of 1, 236 Less densely populated compared to Area 12 above Site sizes range from 300 square metres and above Strategically located and is in close proximity to Horseshoe Development which provides access to opportunities | <ul style="list-style-type: none"> No services No clean water No electricity Poor roads |
| Area 1 | <ul style="list-style-type: none"> Located to the eastern corner of Bhongweni adjacent to the cemetery and railway line Estimated 52 informal dwellings with an estimated population of 244 | <ul style="list-style-type: none"> Basically no services No clean water No electricity Poor formal roads |
| Area 9 | <ul style="list-style-type: none"> Located on a steep slope Estimated 77 dwellings with an estimated population of 362 | <ul style="list-style-type: none"> Informal internal roads have been constructed No clean water No electricity Poor roads |
| Area 7 and 8 | <ul style="list-style-type: none"> Located on a steep slope Estimated 137 informal dwellings with an estimated population of 738 | <ul style="list-style-type: none"> No services |
| Swartberg | <ul style="list-style-type: none"> Resettlement of farm workers | <ul style="list-style-type: none"> Municipality in the process of identifying land for |



Chapter 1: Introduction and Overview

| RESIDENTIAL AREA | STATUS QUO | SERVICE LEVEL |
|------------------|--|---|
| | | the project |
| New Market | <ul style="list-style-type: none">• Approximately 450 houses to be built• Labour tenants project• Municipality in process to acquire land for agriculture and settlement | <ul style="list-style-type: none">• Municipality in the process of identifying land for the project |

Formal settlements

Formal Settlements are planned settlements approved by the municipality and relevant government departments including the Department of Housing. Formal settlements are planned in such a way that service delivery such as water, sanitation, electricity and roads become part of planning and implementation phases. The municipality acknowledges the challenge of servicing unplanned and scattered development and is therefore promoting densification by developing suitable vacant land. Urban sprawl which is caused by uncontrolled development has a negative impact on service delivery, the environment and economic growth and the municipality strives to avoid this at all times. Planned and dense settlements are easy to service in terms of engineering, economic and social services.

Greater Kokstad Municipality has a vacant area in Area 16 Bhongweni. The site is 6, 760 square metres and is the last remaining vacant portion in Bhongweni. The site is strategically located and has high potential for infill. Kokstad East Residential Area comprises of 600 dwellings units and is well located between Bhongweni and the centre of Kokstad Town. 55% of the land is underdeveloped and can accommodate approximately 750 dwelling units. The area is comprised of large plots of about 4, 000 square metres and has not been subdivided. Residential development in the area has tended to concentrate along main roads leaving the internal sites underdeveloped. This issue will be dealt with as part the Land Use Scheme that is currently being developed for the area.



Chapter 1: Introduction and Overview

Status of housing projects initiatives:

| Project Name | No of Sites | Project Status |
|---------------------------------------|-------------------|--|
| Shayamoya Phase 1(a) and 1(b) | 3, 600 | Completed |
| Shayamoya Phase 2 (staff houses) | 236 | 58 erven serviced – project on hold |
| Eastview and Riverview slum clearance | 120 | Not started |
| Horseshoe | 1, 550 | Started |
| Pakkies 1 and 2 | 280 | Not started |
| Old Pakkies | 140 | Not started |
| Franklin | 308 | Planning phase – negotiating with land owners in order to submit the layout plan |
| Makhoba Resettlement | 1, 400 | Planning phase – in process of getting conditional approval from the Department of Housing |
| Willowdale Farm | 27 | Started - awaiting final approval from the Department of Housing |
| Krantzdraai | 172 | Not started |
| Maraiskop | 60 | Not started |
| Wansberg Farm | Approximately 120 | Not started |
| Nauwhoek Farm | 32 | Not started |
| TOTAL | 8, 045 | |



Chapter 1: Introduction and Overview

Refuse removal and waste management

The existing waste disposal site is located to the north of Kokstad Town in an area demarcated for the new/future residential development. Permit for the site has expired and no new site has been identified. This means that Waste Treatment and Disposal Site is one of the municipal priorities which need to be addressed as a matter of urgency. The municipality during 2005 commissioned consultants to assess and advise on the options or provide solutions on waste management that can be sustainable. This exercise included the assessment of general domestic and commercial waste collection service, the street sweeping and cleaning service and waste disposal facility and management service. An assessment of the internal mechanism for waste management was completed in August 2005 and the team of consultants was further instructed to undertake assessment of the external mechanism prior to Council taking decision on the best option. The municipality has conducted community consultation meetings on the matter which have turned out to be poorly attended and adverts on the initiative were also issued. The provision of the waste management service to villages and rural areas is also an objective that needs attention and Council will be looking at viable ways of ensuring that all of the people of Greater Kokstad Municipality are provided with an appropriate waste removal and disposal service in future. As indicated above, currently waste is only collected in urban areas and townships. Refuse in town is collected on a daily basis and residential waste is collected twice a week and residents are given free refuse disposal bags.

| Standard of service provided | Number of households |
|---|----------------------|
| Removed by local authority at least once a week | 33, 789 |
| Removed by local authority less often | 3, 572 |
| Communal refuse dump | 1, 976 |
| Own refuse dump | 14, 405 |
| No rubbish disposal | 2, 748 |
| Not applicable | 41 |
| Total | 56, 531 |



Chapter 1: Introduction and Overview

Free basic services

The municipality adopted an Indigent Policy (which relates to refuse collection and electricity) and implementation started during the 2005/06 financial year. On initial implementation of the policy, the municipality managed to register about 2, 017 indigent households. The municipality then reopened registration from July 2005 to 31 January 2006 to afford members of the community an opportunity to register as indigents. The threshold to qualify for this benefit is an overall household income which does not exceed R1600. The said beneficiaries are entitled to electricity worth R20 and R30 for refuse per month. The district municipality is in the process of developing its indigent policy which will respond to consumers who cannot afford to pay for water and sanitation usage.

Education

Greater Kokstad Municipality has 43 schools. Kokstad Town and Bhongweni have seven public schools and one independent school. There is heavy influx of students into these schools and this can be attributed to strategic location of the Kokstad Town and lack of schools in farming areas. This has resulted in overcrowded schools in Bongweni and Kokstad Town. There is a need for construction of a new high school in Kokstad Town as an extension to the St Patrick's School. In farming areas, students travel long distances to get to schools. In other areas rural schools do not have access to electricity, while one fifth of the schools do not have toilet facilities and one third do not have access to clean drinking water. Road condition in the area is appalling and some schools become inaccessible in extreme weather conditions. There are two libraries in the Municipal area and additional libraries are required. The technical college is currently functional and the municipality is looking into establishing a trust on behalf of the community with the Department of Education. The process has delayed due to institutional issues. The college is currently looking a piece of land to further develop its facilities in order to improve the level of service and the number of people that can be accommodated.

Fire services

Fires are amongst prevalent disasters in the area and are common in informal settlements, formal structures, plantations and veldts. Fires are caused by smoking motorists and passengers, mischievous children, overcrowded informal settlements, squatters living in plantation areas and non approved structures and materials. The fire service, services Kokstad Town and its surrounding areas and is part of the N2 South Freeway Management System. The fire department provides back-up services to neighbouring municipalities. Cemeteries

Six cemeteries exist in the area, four are administered by the municipality and the two are privately managed by the Griquas and Muslims. The four cemeteries managed by the municipality will reach their full capacity soon. High death rate resulting from effects of HIV/AIDS and other natural killer disease in the area and new housing developments necessitates the need for more cemeteries in the area.



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Health

Health services in the area are provided at Provincial and TLC levels and by private parties. Primary Health Care Services offices are located in Kokstad and East Griqualand Usher Memorial Hospital. The Department of Health and other role players are implementing the District Health System, which aims at achieving the highest level of health services at a local government level. The Kokstad office is mainly responsible for operating mobile clinics in rural areas and a family planning clinic in Kokstad. The East Griqualand Usher Memorial Hospital performs much broader health functions and is being over utilized. The hospital services the entire Griqualand and parts of the Eastern Cape. The hospital is responsible for dispensing pharmaceuticals for the region and is well equipped. The Kokstad Clinic is the only clinic within Greater Kokstad Municipality Area. The area has a severe backlog of clinics and there is a need for construction of well equipped clinics, one which could be located in Bhongweni and in Kokstad Town.

A psychiatric clinic exists in the area and lacks proper premises and equipment. There are three mobile clinic teams in the area which provide comprehensive primary health care in rural areas, including farms. The visits are mainly monthly and sometimes twice a month. There is also a School Health Services Team responsible for promoting health hygiene in schools. The Team works closely with Provincial Environmental Health Officers. The Sexuality Programmes Teams run talks at schools after consultation with the school. HIV/AIDS Workers provide testing services and pre and post HIV/AIDS counseling. There are also twenty Community Health Workers and Environmental Health Officers serving the Greater Kokstad Municipality. The existing clinic administered by Greater Kokstad Municipality has in principle been transferred to the Provincial Department of Health.



Chapter 1: Introduction and Overview

1.6 Executive summary

Vision

To be the most effective in providing sustainable developmental services to all our communities.

Mission statement

Working together to render a community driven, economically viable and sustainable services.

Core business of the municipality

The core business of Greater Kokstad Municipality is to provide and facilitate provision of social and economic services to the people of Greater Kokstad in an efficient and effective manner.



Chapter 2: Performance Highlights

2.1 Introduction

The municipality has during the financial year under review prioritised the expansion and improvement of the services provided to the community of Umzimkhulu and has achieved some performance milestones and has also focused on plans for the elimination of service delivery backlogs.

2.2 Service delivery backlogs

Roads infrastructure backlogs

| | 30 June 2006 | | | 30 June 2007 | | | 30 June 2008 | | |
|--|--------------|----------|--------|--------------|----------|--------|--------------|----------|--------|
| | Required | Budgeted | Actual | Required | Budgeted | Actual | Required | Budgeted | Actual |
| Roads Backlog (25km access Road) | R34m | R10m | R4m | R30m | R6m | R6m | R28m | R5 | R4,5m |
| Backlogs to be eliminated (No KMs Not Providing Minimum Standard of Service) (25km) | 34km | R10m | 4km | R30km | 5km | 5km | R25km | 7km | 5km |
| Backlogs to be eliminated (Percent – KMs identified as backlogs/total KMs) (46km) | 72% | R28% | 9% | 63% | R10% | 10% | 61% | 25% | 15% |
| Spending on New Infrastructure to Eliminate Backlogs (Rand '000) | R12m | R3.5m | R1m | R12m | R3m | R2m | R18m | R2.5m | R2m |
| Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (R'000) | R24m | R8m | R3m | R22m | R5m | R3m | R9m | R5m | R5m |
| Total Spending to eliminate Backlogs (Rand '000) | R31m | R11.5m | R4m | R33m | R8m | R5m | R27m | R4,5m | R4m |
| Spending on maintenance to Ensure No New Backlogs Created (R '000) | R4m | R1m | R1m | R5m | R2m | R1m | R7m | R1m | R0,9m |



Chapter 2: Performance Highlights

2.3 Housing backlogs

| | 30 June 2007 | | | 30 June 2008 | | | 30 June 2009 | | |
|--|--------------|----------|--------|--------------|----------|--------|--------------|----------|--------|
| | Required | Budgeted | Actual | Required | Budgeted | Actual | Required | Budgeted | Actual |
| Housing Backlog (40 m² per Household) | 6 846 | 110 | 60 | 6 786 | 200 | 151 | 6 635 | 500 | |
| Backlogs to be eliminated (No Households Not Receiving Minimum Standard of Service) | 6 846 | 110 | 60 | 6 796 | 200 | 151 | 6 635 | 500 | |
| Backlogs to be eliminated (Percent – HH identified as backlogs/HH in municipality) | 47.8% | 0.8% | 0.4% | 47.8% | 1.1% | 1.1% | 46.7% | 3.5% | |
| Spending on New Infrastructure to Eliminate Backlogs (Rand '000) | R234m | R70m | R49m | R228m | R26m | R9m | R274m | R4.4m | |

| | | | | | | | | | |
|---|-------|------|------|-------|------|-----|-------|-------|--|
| Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (R'000) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| Total Spending to eliminate Backlogs (Rand '000) | R234m | R70m | R49m | R228m | R26m | R9m | R274m | R4.4m | |
| Spending on maintenance to Ensure No New Backlogs Created (R '000) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |



Chapter 2: Performance Highlights

2.4 Building and zoning plans 2007/2008

Building plans=BP, Rezoning applications =RA, Special Consent Applications=SCA, Subdivision Applications =SA and Town Planning Application =TPA 2007/2008

| Application Outstanding 1 Jul (previous fin yr) | | | | Category | Number of new applications received | | | | Total value of application received (rands) and value of building for plan approved | Outstanding applications 30 June | | | |
|---|----|-----|----|-------------------------|-------------------------------------|----|-----|----|---|----------------------------------|----|-----|----|
| BP | RA | SCA | SA | 1.Residential | BP | RA | SCA | SA | TPA=R 18,492.00 BP= R 10 334 850.00 | BP | RA | SCA | SA |
| 6 | 3 | 4 | 10 | | 49 | 4 | 14 | 12 | | 15 | 2 | 5 | 9 |
| BP | RA | SCA | SA | 2.Residential additions | BP | RA | SCA | SA | TPA= R 3,732.00 BP=R 453 375.00 | BP | RA | SCA | SA |
| 1 | 0 | 1 | 0 | | 13 | 1 | 2 | 3 | | 5 | 0 | 0 | 0 |
| BP | RA | SCA | SA | 3.Commercial | BP | RA | SCA | SA | TPA= R 5,634.00 BP= R 49 538 440.00 | BP | RA | SCA | SA |
| 1 | 3 | 0 | 4 | | 8 | 3 | 2 | 5 | | 0 | 2 | 1 | 2 |
| BP | RA | SCA | SA | 4.Industrial | BP | RA | SCA | SA | TPA= R 3,138.00 BP= R 2 375 000.00 | BP | RA | SCA | SA |
| 0 | 0 | 0 | 0 | | 4 | 1 | 1 | 3 | | 2 | 0 | 0 | 1 |
| BP | RA | SCA | SA | 5.Other (specify) | BP | RA | SCA | SA | TPA=R0 BP= R 499 500.00 | BP | RA | SCA | SA |
| 10 | 0 | 0 | 0 | | 74 | 0 | 0 | 0 | | 7 | 0 | 0 | 0 |



Chapter 2: Performance Highlights

2.5 Service Delivery and Infrastructure Development

IPD comprises of three business units, Civil Engineering, Electrical Engineering and Planning and Development. The department is responsible implementation of new projects through Project Management Unit (PMU), maintenance of existing infrastructure and also responsible for town planning and development including building control and housing. In 2007/8 financial year, IPD was responsible of R 63.6 Million budget, R 23.8 Million for maintenance while R 38.8 Million was for new infrastructure. The major projects undertaken were Horseshoe Taxi route; Horseshoe Low cost housing, Horseshoe Housing Electrification and Streetlights, Renovation of Taxi Rank Toilets, Rehabilitation of Bhongweni Stadium, Upgrading of Murray Park Sports Field. Through our town planning and building control, this department managed to identify illegal building activities as well as residence used as businesses illegally.

The department also put a concerted effort to complete the long outstanding projects such as Murray and St John's Street, Area 5 and 6 Streets, Shayamoya and Bhongweni Link Road. It would not be a complete picture if we do not mention areas of shortfall in our service delivery, the condition of roads in GKM remains a challenge as normal maintenance is rendered ineffective in most cases as most roads have reached the design life. The insufficient budgets and high construction costs result in more often in appointing of incompetent contractors which are failing to complete the awarded contracts on time, the cases in point is Murray Park Sports Field phase one and Bhongweni Stadium. The attracting and keeping of the suitable qualified technical staff in Kokstad is a challenge, the vacancies for electricians are still not field despite the number of times these were advertised.



Road Maintenance



Murray Park Stadium



Kransfontein Bridge



Chapter 2: Performance Highlights

Service delivery highlights: civil engineering

Due to importance of roads, most effort in this section goes to roads maintenance, rehabilitation and upgrading. GKH has a total of 59.4Km of paved and unpaved roads. The roads backlogs are about 61% (36.2Km) of the total road network. To address the backlogs, the municipality is approximately R 15 Million per year on rehabilitation or upgrading, assuming the same rate is maintained, GKM may anticipate completing the road backlogs by the year 2020 which is six years beyond the millennium goal 2014. This means that the council will need to double the budget to meet 2014 millennium target.

The achievements this financial year that can be highlighted is the tarring of 3.5km Horseshoe Taxi route, 3.3km Shayamoya Taxi, the awarding of awarding of 2.6km of Hawthorn, Zietsman and Railway streets. The other projects undertaken which are in advanced stages of construction are Renovation of Offices at 75 Hope street, Upgrading of Murray Park Stadium, Rehabilitation of Bhongweni Stadium, Renovation of Taxi Rank Toilets.



Shayamoya Taxi Route



Railway Street



Horseshoe Taxi Route



Chapter 2: Performance Highlights

Service delivery highlights: electrical engineering

The service delivery highlights for Electrical section is the completion of streetlights in Bhongweni Area 5 & 6, Horseshoe Area 12 & 13 and the Shayamoya bridge. The electrification of more than one thousand houses in Horseshoe and awarding of Bhekintaba Substation for construction. GKM has received additional 5MVA from Eskom to increase the Maximum Allowed Demand (MAD) from 17MVA to 22MVA, the approval of R 15Million grant application for bulk electricity by Department of Mineral and Energy cannot be ignored as one of the achievements.

The setbacks due to power outages were also experienced in Kokstad albeit a national phenomenon, the winter saw Kokstad exceeding the MAD which resulted in Eskom transformers dedicated to Kokstad being damaged, and this resulted in long hours without power in Kokstad while maintenance is taking place.



Bhekintaba Substation



Horseshoe House Electrification



Shayamoya Bridge Streetlights



Chapter 2: Performance Highlights

Service delivery highlights: planning and development

This section can be described as the strategic planning of the municipality as it is responsible the Integrated Development Planning (IDP), Land Use Management (Lums), Spacial Development Framework (SDF), Town Planning, Building Control and Housing. Among other development realized by this section is Mamiesa Mixed Development in Koppies Kraal Farm (450 units), Respond Housing Development and Pick n Pay etc. The completion of 1446 Houses in Horseshoe, handing over of 3 600 title deeds in Shayamoya by the MEC of Department of Local Government and Traditional Affairs, the construction of 150 houses in Area one in Bhongweni, the approval of 450 houses in Makhoba. The other project that are at the advance stages of planning are as follows:

- 450 Units in Franklin
- 127 Units in Willow-dale
- 900 Units for Slums Clearance
- 236 Shayamoya Housing Development



Shayamoya Housing



Bhongweni Area 1 (under construction)



Horseshoe Housing



Chapter 2: Performance Highlights

Youth and Mayoral programmes

| Youth and mayoral programmes |
|--|
| HIV/ AIDS awareness |
| Gender equality |
| Disabled sports and business development |
| Sport and recreation activities |
| Youth council development |
| Career exhibitions for the youth |

LED and tourism initiatives

| LED and tourism initiatives |
|---|
| Development of the LED Strategy – this was done and the strategy needs to be redefined then implemented accordingly |
| Establishment of the furniture factory |
| Youth bakery project |
| Development of Bhongweni car wash |
| Capacity building of emerging farmers |
| SMME development and capacity building |
| Poultry project |
| Establishment of maize meal plant |
| Brick making project for the Franklin community |
| Development of the tourism strategy |
| Development of the hiking trails |
| Establishment of the Franklin bird route |
| Identification of a grazing land for the Kokstad community |



Chapter 3: Human Resources and other Organisational Management

The purpose of this function is to render a professional support service that is well aligned to the municipality's Integrated Development Plan (IDP) as well as to the needs of the municipality's stakeholders and customers.

The Municipality has more than 150 employees, therefore it is expected that an EE report be submitted to DOL every first working day of October every year – section 21 of the Employment Equity Act (EEA). The EE report seeks to reflect reasonable progress that has been made by the employer in meeting planned targets through completion of a standard template that observes the following:

- Workforce profile
- Workforce movement
- Recruitment, terminations and promotions
- Disciplinary actions taken
- Skills development interventions
- Income differentials

Employment equity:

Total workforce: Posts:

| Target group: Gender and race | Level of representation: Required figure/total workforce | % of total workforce |
|-------------------------------|--|----------------------|
| African female | 88 | 27% |
| African male | 197 | 60% |
| Coloured female | 8 | 2% |
| Coloured male | 27 | 8% |
| Indian female | 0 | 0% |
| Indian male | 0 | 0% |
| White female | 1 | 0% |
| White male | 4 | 1% |



Chapter 3: Human Resources and other Organisational Management

Employees with disabilities: Posts

| Target group: Gender and race | Level of representation: Required figure/total workforce | % of total workforce |
|-------------------------------|--|----------------------|
| African female | 1 | 0% |
| African male | - | - |
| Coloured female | - | - |
| Coloured male | - | - |
| Indian female | - | - |
| Indian male | - | - |
| White female | - | - |
| White male | - | - |

Employment equity for top management levels (section 57managers):

| Target group: Gender and race | Level of representation: Required figure/total workforce | % of total workforce |
|-------------------------------|--|----------------------|
| African female | - | - |
| African male | 4 | 1% |
| Coloured female | - | - |
| Coloured male | - | - |
| Indian female | - | - |
| Indian male | - | - |
| White female | - | - |
| White male | - | - |

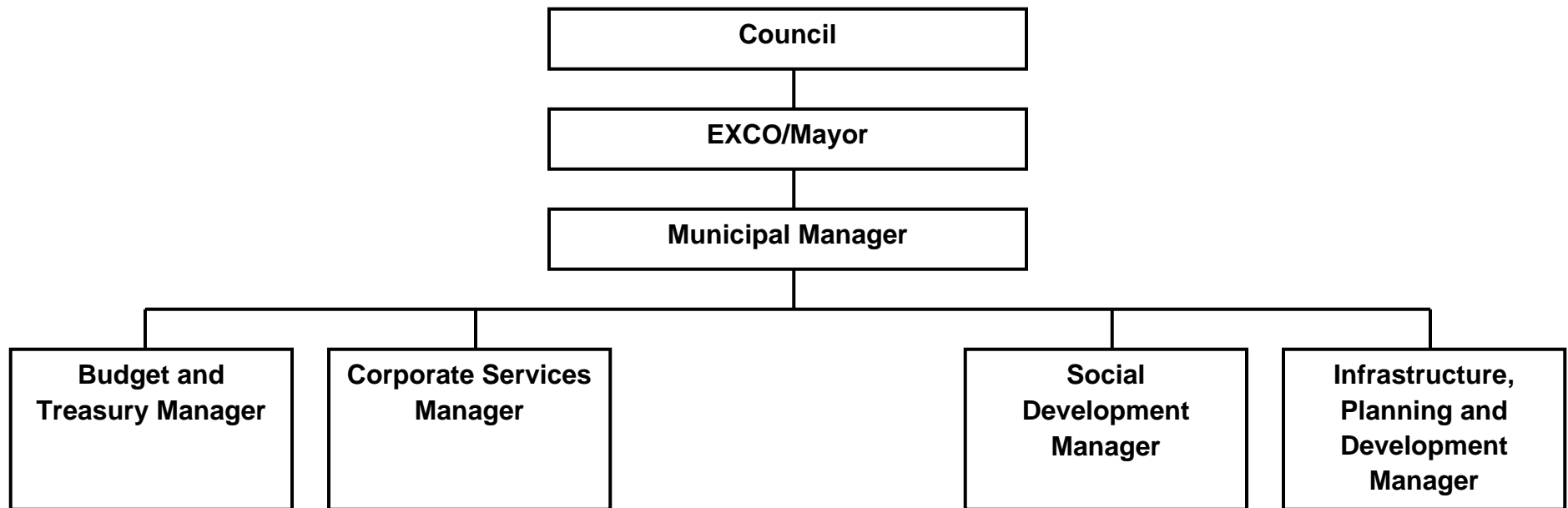
Pension and medical aid:

| Pension funds | Medical aid funds |
|------------------------------------|-------------------|
| Natal Joint Municipal Pension Fund | Keyhealth |
| LGPF | Bonitas |
| SAMWU Provident Fund | Samwumed |
| MCPF | Hosmed |
| SALA | L.A. Health |



Chapter 3: Human Resources and other Organisational Management

Management organisational structure





Chapter 3: Human Resources and other Organisational Management

Staffing levels as 30 June 2008:

| Directorate/Department | Complement | Vacancies | Actual |
|----------------------------------|------------|-----------|------------|
| Councillor and Secretarial Staff | 11 | 0 | 11 |
| Municipal Manager | 26 | 5 | 21 |
| Social Development | 194 | 7 | 187 |
| Infrastructure Department | 145 | 8 | 137 |
| Finance Department | 42 | 2 | 40 |
| Corporate Services | 28 | 6 | 22 |
| Total | 446 | 28 | 418 |

Staff costs reflected as a percentage of total operational expenditure:

| | 2006/2007 | 2007/2008 |
|--|--------------|-------------|
| | R | R |
| Salaries | 35,366,589 | 40,411,170 |
| Total operational expenditure | 90,867,242 | 122,333,975 |
| Salaries % of total operational expenditure | 38,9% | 33% |



Chapter 3: Human Resources and other Organisational Management

Qualification profile (leadership and governance and managers):

| | Below NQF 1 | NQF 1 | NQF 2 | NQF 3 | NQF 4 | NQF 5 | NQF 6 | NQF 7 | NQF 8 | Unknown |
|--|-------------|-------|-------|----------|----------|-----------|----------|----------|-------|---------|
| Mayor | | | | | | 1 | | | | |
| Councillors | | | | 4 | 2 | 2 | | | | |
| Municipal Manager | | | | | | | 1 | | | |
| Budget and Treasury | | | | | | 3 | 1 | | | |
| Social Development | | | | | | 2 | 1 | | | |
| Infrastructure, Planning and Development | | | | | | 2 | 1 | | | |
| Corporate Services | | | | | | | 2 | 1 | | |
| TOTAL | | | | 4 | 2 | 10 | 6 | 1 | | |

Skills profile:

| Item description | Total number | Total % |
|------------------|--------------|-------------|
| Professionals | 39 | 19% |
| Artisans | 3 | 1% |
| Unskilled | 164 | 80% |
| Total | 206 | 100% |



Chapter 4: Audited Statements and Related Financial Information



THE GREATER KOKSTAD LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

MUNICIPAL MANAGER

M.A. NKOSI

CHIEF FINANCIAL OFFICER

L. NDZELU

**HOPE STREET
KOKSTAD
4700**

**P.O. Box 0008
Kokstad
4700**



Chapter 4: Audited Statements and Related Financial Information

THE GREATER KOKSTAD MUNICIPALITY ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2008

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**GREATER KOKSTAD MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2008**

GENERAL INFORMATION

COUNCIL SPEAKER

Councillor M. Khutshwa

MEMBERS OF THE EXECUTIVE COMMITTEE

1. Councillor M. Sithole (Mayor)
2. Councillor N. Thabethe (Deputy Mayor)
3. Councillor W.D Bhengu

GRADING OF LOCAL AUTHORITY

GRADE 7

AUDITORS

Office of the Auditor General



BANKERS

First National Bank of South Africa

REGISTERED OFFICE

Municipal Offices
75 Hope Street
Kokstad
4700

P. O. Box 8
Kokstad
4700

Telephone: 039 797 6600
Facsimile: 039 - 727 3676

MUNICIPAL MANAGER

Mr. M.A. Nkosi

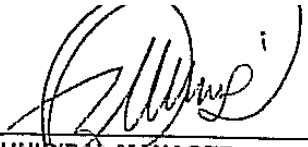
MANAGER : FINANCIAL SERVICES


Mr L. Ndzelu

APPROVAL OF FINANCIAL STATEMENTS

The Annual Financial Statements set out on pages 1-23 were approved by the Municipal Manager

on 29 August 2008 and will be presented to next ordinary council for adoption.



MUNICIPAL MANAGER
(Accounting Officer)

EXECUTIVE MANAGER - FINANCIAL SERVICES
(Chief Financial Officer)



**THE GREATER KOKSTAD MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2007**

FOREWORD BY THE HONORABLE MAYOR

The financial show that the municipality has achieved a surplus during the current financial year. This is pleasing, however we will endeavour during the next financial year to achieve a better cash flow position during our next financial year.

The current year has been a challenging year without the presence of a permanent municipal manager, however in light of our capacity challenges our incumbents have done a superb job.

The budget for the 2007/2008 financial year has been submitted to the National Treasury for approval. The emphasis will remain on maintaining sound financial control to ensure that spending is properly managed.

My thanks go the Acting Municipal Manager's and his staff and my fellow councilors for the hard work and cooperation during the year and the atmosphere in which I have been able to perform my duties.

I believe that with the dedication of everyone at council our work will go along way to achieving gratification of the communities within our Municipal boundary.

THE HONORABLE MAYOR
Mr. M. Sithole



**THE GREATER KOKSTAD MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2008**

CHIEF FINANCIAL OFFICER'S REPORT

BACKGROUND

The Greater Kokstad Municipality is a grade seven municipality within the Sisonke District Municipality. It covers the major area of Kokstad and is on the edge of the Eastern Cape Province Border.

CHALLENGES

The municipality continues to face somewhat daunting challenges. It has to address challenges of Infrastructure, Tourism, Local Economic Development, poverty, the implementation of the Municipal Finance Management Act and finding other sources of revenue, while growing and achieving a higher collection rate from the current revenue base. While some of the key strategic objectives such as the implementation of the Municipal Performance Management System have been achieved, a substantial challenge on a number of developmental objectives lies ahead.

GENERAL

1. OPERATING RESULTS

| | Actual 2007 | Actual 2008 | Variance % 2006/2007 | Budget 2008 | Variance % of actual to budget |
|---------|-------------|-------------|-------------------------|-------------|--------------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| Revenue | 98,662,164 | 96,518,609 | -2% | 115,704,127 | -17% |



| | | | | | |
|--------------------------------|--------------------|--------------------|---------------|--------------------|------|
| | | | | | |
| Total Expenditure | 101,128,070 | 127,240,808 | -21% | 115,704,127 | |
| | | | | | |
| Salaries, wages and allowances | 35,366,589 | 40,411,170 | -12% | 40,312,601 | 0% |
| General expenses | 51,464,786 | 69,717,841 | -26% | 49,110,623 | -42% |
| Repairs and maintenance | 1,076,002 | 1,920,365 | -44% | 3,303,919 | 42% |
| Capital charges | 10,260,828 | 4,906,833 | 109% | 5,781,934 | 15% |
| Contributions to fixed assets | 0 | 5,768,176 | -100% | 13,786,894 | 58% |
| Contributions | 2,959,865 | 4,516,422 | -34% | 3,408,156 | -33% |
| | | | | | |
| Amounts charged out | | | | | |
| | | | | | |
| Net Deficit | -2,465,906 | -30,722,200 | -1146% | | |

2. ACCUMULATED (DEFICIT) / SURPLUS

The current year balance in the balance sheet reflects a net deficit of R27,858 million. This deficit is primarily attributable to a current year provision of doubtful debts amounting to R23.4 million and a debtors write off of R12.5m. The provision for doubtful debts reflects a total of consumer debtors that are on 120 days and above on our age analysis. For prudence purposes, we have to make a total provision in respect of these debtors. A further analysis of this accumulated deficit reflects that other than the prior year brought forward accumulated surplus of R3.327 million, the appropriation account has a net debit movement of R0.463m. Setting aside the impact of the doubtful debt provision and the debtors write off, the Municipality would have reported a current year deficit of R7.3m. While the accumulated deficit may be viewed in a negative light, we are of the view that it reflects the true state of affairs (long outstanding debtors) and our only challenge is wipe out this deficit in the three to four years.

3. OVERALL CASH POSITION

At year end, the council has investments with the local financial institutions totalling R16.3m (R25.2 million : 2007). The decrease in the cash position in relation to prior year is a reflection of the increased commitments (level of



expenditure) in relation to prior year. However, the municipality remains in favourable position to discharge all its obligations and does not foresee any cash flow challenges.

4. ACCOUNTS RECEIVABLE

The debtors balance has decreased from R47.2 million in the prior year to R19.4 million in the current year. As mentioned under item 2 above, this decrease is as a result of the substantial provision of doubtful debts and the write off of some of consumer debtors in the current year. Further to this, sundry debtors of R7m in the prior year have also been liquidated.

5. CAPITAL AND FINANCING

No new loans were raised during the year. The downward movement (R2.5 m) on long-term liabilities in the balance sheet reflects the current year capital repayments.

6. EXTERNAL LOANS, INVESTMENTS AND CASH

The sum-total of external loans, investments and cash is that other than as reported in items 2, 3 and 5 above, there were no further changes in these balances in relation to prior year.



**THE GREATER KOKSTAD MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2008**

CHIEF FINANCIAL OFFICER'S REPORT

7. POST BALANCE SHEET EVENTS

No events subsequent to balance sheet occurred, that required a note in the financial statements or amendment to the amounts disclosed on the financial statements.

8. Fixed Assets

The net book value of fixed assets have decreased from an opening balance of R16.6 million to R14.9 million.

| Cost of Fixed Assets | <u>2007</u> | <u>2008</u> | <u>Movement</u> |
|-------------------------|-------------------|-------------------|-------------------|
| Rates and General | 84,021,909 | 141,941,909 | 57,920,000 |
| Housing | 80,746,841 | 0 | -80,746,841 |
| Electricity | 123,141,729 | 128,597,502 | 5,455,773 |
| Public Improvement Fund | 2,496,448 | 0 | (2,496,448) |
| Total Assets | 290,406,927 | 270,539,411 | -19,867,516 |
| Loans Redeemed | 273,791,239 | 255,625,541 | -18,165,697 |
| | <u>16,615,688</u> | <u>14,913,869</u> | <u>-1,701,819</u> |

9. EXPRESSION OF APPRECIATION

I would like to thank the mayor, councilors, municipal manager, heads of departments and the rest of the municipal personnel for their assistance and support during the year.

L. NDZELU
MANAGER - FINANCIAL SERVICES

DATE



REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE GREATER KOKSTAD MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008.

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Greater Kokstad Municipality which comprise the balance sheet as at 30 June 2008, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 126(3) of the MFMA my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.



5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - Overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1.

Opinion

9. In my opinion, the financial statements of the Greater Kokstad Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1 and in the manner required by the MFMA and DoRA .

Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matter

Going concern



10. The municipality's financial statements reflected an accumulated deficit of R27,86 million largely attributable to an increase in the provision for bad debts amounting to R23,38 million. These conditions, together with the shortfall of investments and cash invested in statutory funds of R30,95 million, cast doubt on the municipality's ability to continue as a going concern.

OTHER MATTER

Without qualifying my audit opinion, I draw attention to the following matter that relate to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

The Municipal Finance Management Act

11. Interest was not charged by the municipality on arrear electricity debtor accounts as required by section 64(2)(g) of the MFMA.

Matters of governance

12. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

| Matter of governance | Yes | No |
|--|-----|----|
| Audit committee | | |
| <ul style="list-style-type: none">The municipality had an audit committee in operation throughout the financial year. | | ✓ |
| <ul style="list-style-type: none">The audit committee operates in accordance with approved written terms of reference. | ✓ | |
| <ul style="list-style-type: none">The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. | | ✓ |



| Matter of governance | Yes | No |
|--|-----|----|
| Internal audit | | |
| <ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. | ✓ | |
| <ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. | ✓ | |
| <ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. | ✓ | |
| Other matters of governance | | |
| <ul style="list-style-type: none"> The annual financial statements were submitted for auditing as per the legislated deadlines (section 126 of the MFMA for municipalities and municipal entities) | ✓ | |
| <ul style="list-style-type: none"> The financial statements submitted for auditing were not subject to any material amendments resulting from the audit. | | ✓ |
| <ul style="list-style-type: none"> The annual report was submitted to the auditor for consideration prior to the date of the auditor's report. | | ✓ |
| <ul style="list-style-type: none"> No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management. | | ✓ |
| <ul style="list-style-type: none"> The prior year's external audit recommendations have been substantially implemented. | ✓ | |
| Implementation of Standards of Generally Recognised Accounting Practice (GRAP) | | |
| <ul style="list-style-type: none"> The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007. | | ✓ |
| <ul style="list-style-type: none"> The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, | | ✓ |



| Matter of governance | Yes | No |
|--|-----|----|
| detailing its progress towards full compliance with GRAP. | | |
| <ul style="list-style-type: none">The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008. | | ✓ |

Unaudited supplementary schedules

13. The supplementary information set out on pages xx to xx do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

14. I was engaged to review the performance information.

Responsibility of the accounting officer for the performance information

15. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

16. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.



17. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

18. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

Performance information not received in time

19. The financial statements submitted for auditing did not include a report on the performance information of the municipality, as required by *General Notice 616* as published in *Government Gazette No. 31057 dated 15 May 2008*; read with section 46 of the MSA and was still not received at the date of this report.

APPRECIATION

21. The assistance rendered by the staff of the Greater Kokstad Municipality during the audit is sincerely appreciated.

Auditor-General

Pietermaritzburg

28 November 2008



A U D I T O R - G E N E R A L

Greater Kokstad Municipality

2007/2008 Annual Report



ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2008

Accounting Policies for the Annual Financial Statements

1. BASIS OF PRESENTATION

These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers and Accountants in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd Edition as amended).

The financial statements are prepared on the historical cost basis, except for the revaluation of land and buildings which are carried at fair value. Adjustments for capital expenditure are made and are more fully detailed in 3 below. Except where otherwise indicated, the accounting policies are consistent with those applied in the previous year.

The financial statements are prepared on the accrual basis:

Income is accrued when collectable and measurable. Certain direct income is accrued when received such as traffic fines and licenses.

Expenditure is accrued for in the year in which it is incurred.

2. CONSOLIDATION

The balance sheet includes the Rates and General Services, Housing Services, Trading Services and the different funds, reserves and provisions. Assessment rates, refuse removal and electricity are treated as income and expenditure in the respective departments.



3. FIXED ASSETS

Fixed Assets are stated at cost or at valuation (based on the market price at date of acquisition), where assets have been acquired by donation whilst they are in existence and fit for use. Land and buildings are stated at revalued amounts being the fair value at the date of revaluation.

3.1 DEPRECIATION

The balance shown against the heading "loans redeemed and other capital receipts" in the notes to the balance Sheet is tantamount to a provision for depreciation; however, certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from various Council funds, assets may also be acquired through:

Appropriations from income, where the full cost of the asset forms an immediate and direct charge against operating income and it is therefore unnecessary to make any further provision for depreciation.

External contributions, grants and subsidies, where the amount representing the value received is immediately credited to the "loans redeemed and other capital receipts" account.

All proceeds from the sale of fixed property are credited to the Public Improvement Fund. Net proceeds from the sale of all other assets are credited either to the relevant department in which the asset was purchased or to the Capital Development Fund.

Capital assets are financed from different sources, including external loans and contributions, operating income and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the services concerned at the ruling interest rate applicable at the time the advance is made.



THE GREATER KOKSTAD MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2008
Accounting Policies for the Annual Financial Statements

4. INVENTORY

Consumable stores are valued at the lower of cost and net realisable value. Inventory is valued at weighted average cost.

5. FUNDS AND PROVISIONS

5.1 Capital Development Fund

The local Authorities Ordinance (No.25 of 1974) requires that a minimum contribution of 3% of the total revenue accruing to the rate and general services and relevant trading services be made to the Capital Development Fund.

5.2 Public Improvement Fund

The local Authorities Ordinance (No. 25 of 1974) requires that all monies not otherwise appropriated by law received by the Council from any alienation of immovable property, any endowments payable in terms of Section 16(2) of the Town Planning Ordinance (No. 27 of 1949) and any proceeds of any loan raised by the Council for the purchase or improvement contemplated in terms of paragraph (b), (c) and (d) (i) of section 103(3), shall be paid into the Public Improvement Fund.

5.3 Bad Debts Provision

Provision for bad debts is raised to meet the likely non-payment for services consumer debtors.



5.5 Leave Provision

Provisions are recognised when the municipality has a present obligation as a result of past events and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Provision for staff leave represents a sum of the present obligation by the Municipality in respect of leave due and payable at year end.



**THE GREATER KOKSTAD MUNICIPALITY
BALANCE SHEET AS AT 30 JUNE 2008**

| | Note | 2008 R | 2007 R |
|-------------------------------------|------|--------------------------|--------------------------|
| CAPITAL EMPLOYED | | | |
| <i>FUNDS AND RESERVES</i> | | | |
| STATUTORY FUNDS | 1 | 44,159,390 | 40,851,606 |
| ACCUMULATED (DEFICIT) / SURPLUS | 2 | (27,858,189) | 3,327,088 |
| LONG-TERM LIABILITIES | 3 | 11,954,949 | 14,956,954 |
| CONSUMER DEPOSITS | 4 | 2,282,135 | 2,249,979 |
| | | <u>30,538,285</u> | <u>61,385,627</u> |
| <i>EMPLOYMENT OF CAPITAL</i> | | | |
| FIXED ASSETS | 5 | 14,913,867 | 16,615,685 |
| LONG-TERM DEBTORS | 7 | <u>-</u> | <u>-</u> |
| | | 14,913,867 | 16,615,685 |
| NET CURRENT ASSETS | | 15,624,418 | 44,769,942 |

**CURRENT ASSETS****38,904,305****72,741,173**

| | | | |
|---------------------------------------|----|------------|------------|
| INVENTORY | 8 | 424,769 | 328,628 |
| INVESTMENTS | 6 | 16,245,186 | 25,201,604 |
| DEBTORS | 9 | 19,480,807 | 47,162,251 |
| LONG-TERM DEBTORS: SHORT-TERM PORTION | 7 | - | 43,340 |
| CASH AND OTHER CASH EQUIVALENTS | 16 | 2,753,543 | 5,350 |

CURRENT LIABILITIES**23,279,887****27,971,231**

| | | | |
|---|----|------------|------------|
| CREDITORS | 11 | 17,939,154 | 21,117,789 |
| BANK OVERDRAFT | 16 | - | 813,241 |
| PROVISIONS | 10 | 2,381,812 | 3,632,057 |
| LONG TERM LIABILITIES: SHORT-TERM PORTION | 3 | 2,958,921 | 2,408,144 |

30,538,285**61,385,627**



THE GREATER KOKSTAD MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| 2007 | 2007 | 2007 | | 2008 | 2008 | 2008 |
|------------|-------------|--------------|--|------------|-------------|--------------|
| Actual | Actual | Surplus/ | | Actual | Actual | Surplus/ |
| Income | Expenditure | (Deficit) | | Income | Expenditure | (Deficit) |
| R | R | R | | R | R | R |
| 59,344,643 | 76,642,710 | (17,298,068) | RATES AND GENERAL SERVICES | 62,862,911 | 95,509,363 | (32,646,452) |
| 45,860,077 | 59,806,472 | (13,946,395) | Community services | 50,030,018 | 76,786,860 | (26,756,842) |
| 4,456,012 | 9,952,561 | (5,496,549) | Subsidised services | 5,052,446 | 12,200,886 | (7,148,440) |
| 9,028,553 | 6,883,677 | 2,144,876 | Economic services | 7,780,447 | 6,521,617 | 1,258,830 |
| 39,317,521 | 24,485,359 | 14,832,162 | TRADING SERVICES | 33,655,697 | 31,731,445 | 1,924,252 |
| 98,662,164 | 101,128,069 | (2,465,906) | TOTAL | 96,518,609 | 127,240,808 | (30,722,200) |
| | | 12,116,761 | Appropriations for the year (refer note 2) | | | (463,078) |
| | | 9,650,855 | Net surplus / (deficit) for the year | | | (31,185,277) |
| | | (6,323,767) | Accumulated (deficit) / surplus at the beginning of the year | | | 3,327,088 |
| | | 3,327,088 | ACCUMULATED SURPLUS / (DEFICIT) AT THE END OF THE YEAR | | | (27,858,189) |



THE GREATER KOKSTAD MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | Note | 2008 R | 2007 R |
|---|-------------|--------------------|---------------------|
| CASH (APPLIED TO) / RETAINED FROM OPERATING ACTIVITIES | | | |
| Cash (utilised) / generated by operations | 14 | (29,592,128) | 10,245,055 |
| Investment income | 13 | 862,456 | 1,803,510 |
| Decrease / (increase) in working capital | | 23,750,540 | (32,832,308) |
| Proceeds on disposal of fixed assets | | 1,701,818 | 10,525,989 |
| Finance costs | 13 | (2,455,606) | (2,347,710) |
| CASH UTILISED BY OPERATIONS | | (5,732,919) | (12,605,464) |
| CASH UTILISED IN INVESTING ACTIVITIES | | | |



| | | |
|---|--------------------|---------------------|
| Decrease in long-term debtors | - | 76,823 |
| NET CASH FLOW | (5,732,919) | (12,528,641) |
| CASH EFFECTS OF FINANCING ACTIVITIES | | |
| (Decrease) / increase in statutory funds | 3,307,784 | 2,959,865 |
| (Decrease) / increase in long-term loans | (3,002,005) | 3,227,695 |
| Increase in consumer deposits | 32,156 | 22,502 |
| Decrease in cash investments | 8,956,418 | 5,268,837 |
| (Increase) / decrease in bank balances and cash | (3,561,434) | 1,049,742 |
| NET CASH UTILISED | 5,732,919 | 12,528,641 |



THE GREATER KOKSTAD MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

| | 2008 | 2007 |
|--|---------------------|-------------------|
| | R | R |
| 1. Statutory funds | | |
| Capital development fund | 38,633,220 | 35,705,036 |
| Public Improvement fund | 5,526,170 | 5,146,570 |
| | 44,159,390 | 40,851,606 |
| (Refer to appendix "A" for more details) | | |
| 2. Accumulated surplus | 2008 | 2007 |
| | R | R |
| <i>Appropriations</i> | | |
| Accumulated surplus / (deficit) at the beginning of the year | 3,327,088 | (6,323,767) |
| Deficit for the year | (30,722,200) | (2,465,906) |
| Appropriations for the year | (463,078) | 12,116,761 |
| Prior year adjustments | (463,078) | 12,116,761 |
| Accumulated (deficit) / surplus at the end of the year | (27,858,190) | 3,327,088 |



3. Long-term Liabilities

| | 2008 | 2007 |
|--|-------------------------|-------------------------|
| | R | R |
| Planet Finance - R2 888 595 variable | 1,101,277 | 1,448,398 |
| INCA - R 8 000 000 @ 16.75% | 3,737,364 | 4,631,066 |
| INCA - R 5 800 000 @ 12.26% | 5,403,685 | 5,746,797 |
| INCA - R 7 000 000 @ 11.87% | 4,671,544 | 5,538,837 |
| <i>Less: Short-term portion</i> | <i>2,958,921</i> | <i>2,408,144</i> |
| Planet Finance - R2 888 595 variable | 347,120 | 304,039 |
| INCA - R 8 000 000 @ 16.75% | 1,051,595 | 893,702 |
| INCA - R 5 800 000 @ 12.26% | 390,389 | 343,111 |
| INCA - R 7 000 000 @ 11.87% | 1,169,817 | 867,292 |
| | 11,954,949 | 14,956,954 |

(Refer to appendix "B" for more details)

4. Consumer Deposits

| | 2008 | 2007 |
|--------------------------------|------------------|------------------|
| | R | R |
| Electricity Deposits | 2,282,135 | 2,249,979 |
| Balance at the end of the year | 2,282,135 | 2,249,979 |

5. Fixed Assets

| | 2008 | 2007 |
|---|-------------|-------------|
| | R | R |
| Fixed assets at the beginning of the year | 290,406,924 | 270,024,229 |



| | | |
|---|--------------------|--------------------|
| Fixed asset disposals | (1,052,341) | - |
| Audit adjustments | - | - |
| Capital expenditure during the year | 12,645,101 | 21,882,902 |
| Less: Fixed assets written off, transferred or sold | (31,460,276) | (1,500,207) |
| Total fixed assets | 270,539,408 | 290,406,924 |
| Less: Loans redeemed and other capital receipts | (255,625,541) | (273,791,239) |
| Net fixed assets | 14,913,867 | 16,615,685 |
| (Refer to appendix "C" for more details) | | |

6. Investments

| | | |
|----------------------|-------------|-------------|
| | 2008 | 2007 |
| Unlisted investments | R | R |

6.1 Short-term investments (call accounts) held
at the First National Bank



| | | |
|--|-----------|-----------|
| Reserve Account - Daily Call Account | 31,000 | 1,099,986 |
| Geographical Information Systems (GIS) Account | 186,959 | 187,039 |
| Financial Management Grant | 243,311 | 298,764 |
| People's Housing Process | 200,794 | 186,580 |
| General Conditional Grant | - | 8,642 |
| Drought Relief Fund | - | 1,474,741 |
| Municipal Infrastructure Grant (MIG) | 197,741 | 709,646 |
| Secured Investment Account | 2,816,597 | 3,213,200 |
| Consolidated Municipal Improvement Funding | 5 | 1,341,629 |
| Municipal Systems Infrastructure Grant - MSIG | 170,243 | 2,221,793 |
| Recovery Plant Account | - | 5,947,506 |
| National Electricity Regulatory Fund | - | 1,017 |
| Collateral – FNB | 6 | 9,863 |
| Municipal Finance Management Act | - | 23,351 |
| Valuation Roll Account | - | 22,006 |
| Municipal Development Capacity Building | 155,691 | 384,224 |
| Land Use Management Systems (LUMS) | 69,326 | 103,392 |
| Province Project Consolidate | - | 1,286,164 |
| Performance Management System | - | 6,099 |



| | | |
|--|------------|------------|
| Horseshoe Housing | 1,997,183 | 3,288,270 |
| Stormwater Drainage | - | 164,537 |
| Gijima Account | 27,798 | 11,137 |
| Bhekintaba Substation | 2,386,652 | 2,048,062 |
| Human Resources System | 114,538 | 143,040 |
| Public Participation | 114,781 | 126,288 |
| Audit Unit | - | 10,663 |
| Municipal Improvement Infrastructure Programme | | 202,481 |
| Restructuring of Electricity Development | | |
| Services (REDS) | 166,040 | 151,861 |
| Sports Upgrade Facility (SFU) | 118,722 | - |
| Meter Audit (Project Consolidate) | 1,052,922 | - |
| Land Use Proceeds | 362,003 | - |
| Municipal Offices | 5,083,538 | - |
| Subtotal | 15,717,236 | 24,671,981 |



| | 2008 R | 2007 R |
|--|--------------------------|--------------------------|
| Unlisted investments | | |
| 6.2 Short-term investments (call accounts) held at ABSA | | |
| Collateral Absa | 20,792 | 20,736 |
| Absa Recovery Plan | - | 1,729 |
| Subtotal | <u>20,792</u> | <u>22,465</u> |
| 6.3 Short-term investments (call accounts) held at the New Republic Bank | <u>507,158</u> | <u>507,158</u> |
| Grand-total | <u>16,245,186</u> | <u>25,201,604</u> |
| Management's valuation of unlisted investments | <u>-</u> | <u>25,201,604</u> |
| Average rate of return on investments | 6% | 6% |

Circular number 25 issued by the Provincial Legislature requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds



against
the investments at a plenary rate to meet
commitments.

No investments were written off during the
year.

No investments have been pledged as security for any funding
facilities of the council.

| 7. Long-term debtors | 2008 R | 2007 R |
|--------------------------|------------------|------------------|
| Vehicles loans | 0 | 43,340 |
| Less: Short-term portion | <u>(0)</u> | <u>(43,340)</u> |
| | <u>-</u> | <u>-</u> |
| 8. Inventory | <u>2008</u> R | <u>2007</u> R |
| 9. Debtors | 2008 R | 2007 R |
| Consumer debtors | 31,786,963 | 34,710,615 |
| Vat Debtor | 10,210,297 | 12,702,890 |
| Sundry debtors | <u>859,274</u> | <u>8,252,603</u> |



| | | |
|-------------------------|--------------------------|--------------------------|
| | 42,856,534 | 55,666,108 |
| Provision for bad debts | <u>(23,375,727)</u> | <u>(8,503,857)</u> |
| | <u>19,480,807</u> | <u>47,162,251</u> |

10. Provisions

| | | |
|---------------------|------------------|------------------|
| Leave provision | 2,381,812 | 2,832,057 |
| Audit fee provision | - | 800,000 |
| Councillor Backpay | - | - |
| | <u>2,381,812</u> | <u>3,632,057</u> |

11. Creditors

| | 2008 R | 2007 R |
|------------------|-----------|------------|
| Trade creditors | 9,059,554 | 10,220,971 |
| Sundry deposits | 361,265 | 323,421 |
| Advance payments | | |



| | |
|-------------------|-------------------|
| 8,518,335 | 10,573,397 |
| 17,939,154 | 21,117,789 |

12. Councillors' Remuneration

| | | |
|--------------------------|------------------|------------------|
| Mayor's allowance | 450,579 | 259,469 |
| Councillor's allowance | 1,531,186 | 764,324 |
| Deputy Mayor's Allowance | 363,343 | 110,631 |
| | 2,345,108 | 1,134,424 |

Managers' Remuneration

| | | |
|---------------------------------|------------------|------------------|
| Municipal Manager (Acting 2007) | 655,858 | 326,088 |
| Manager: Financial Services | 469,356 | 580,438 |
| Manager: Corporate Services | 469,356 | 459,055 |
| Manager: Social Development | 404,542 | 433,471 |
| Manager: Infrastructure | 541,928 | 170,000 |
| | 2,541,040 | 1,969,052 |

**13. Financial transactions:****2008
R****2007
R***Total external interest earned or paid*

Interest Income

862,456

1,803,510

Interest paid

(2,455,606)(2,347,710)*Capital charges debited to operating account*

Interest: External

2,455,606

2,347,710

Interest: Internal

-

-

Redemption: External

2,451,228

4,058,904

Redemption: Internal

-

-

4,906,833**6,406,614****14. Reconciliation of deficit for the year to
cash (applied to) / generated by operations****2008
R****2007
R**

Deficit for the year

(30,722,200)

(2,465,906)

Adjustment for:



| | | |
|--|----------------------------|--------------------------|
| Appropriations added to income | (463,078) | 12,166,761 |
| Finance costs | 2,455,606 | 2,347,710 |
| Investment income | (862,456) | (1,803,510) |
| | <hr/> | <hr/> |
| Cash (applied to) / generated by operations | <u>(29,592,128)</u> | <u>10,245,055</u> |

15. Working capital changes

| | | |
|---|--------------------------|----------------------------|
| Increase in inventory | (96,140) | (2,807) |
| Decrease / (increase) in debtors | 27,681,444 | (19,283,453) |
| Decrease in short-term portion of long-term debtors | 43,340 | 58,970 |
| Decrease in creditors | (3,178,635) | (14,174,195) |
| Decrease in provisions | (1,250,245) | (262,033) |
| Increase in short-term portion of long-term liabilities | 550,777 | 831,210 |
| | <hr/> | <hr/> |
| Decrease / (increase) in working capital | <u>23,750,540</u> | <u>(32,832,308)</u> |

15. Cash and Other Cash Equivalents

2008
R

2007
R



Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

| | | |
|-------------------------------------|------------------|------------------|
| Main Bank Account (overdraft) - FNB | 2,755,174 | (813,241) |
| Other cash resources | (1,631) | 5,350 |
| | <u>2,753,543</u> | <u>(807,891)</u> |

The Main Bank Account is held at the Kokstad Branch of the First National Bank and is a current account.

16. Investments Summary

| | | |
|----------------------|-------------------|-------------------|
| Housing | 1,997,182 | 3,288,270 |
| Infrastructure | 2,754,641 | 6,321,134 |
| Financial Assistance | 544,863 | 6,616,843 |
| Other | 10,948,499 | 8,975,357 |
| | <u>16,245,185</u> | <u>25,201,604</u> |

Investments totaling R10 000 have been ceded as surety against housing deposits.



18. MFMA Expense Disclosures

| | | |
|----------------------------|------------------|------------------|
| Audit Fees | 788,591 | 565,102 |
| Medical Aid Costs | 1,200,077 | 1,194,586 |
| Pension Fund Contributions | 4,244,070 | 4,065,970 |
| Primary Taxation | - | - |
| Duties | - | - |
| | 6,232,738 | 5,825,658 |

19. Contingent Liabilities

Management have not identified any contingent liabilities that affect the Municipality at year end.

20. Capital Commitments

Commitments in respect of capital expenditure:

2008
R

2007
R



| | | |
|---|-------------------|------------------|
| Infrastructure | 22,100,343 | 6,615,677 |
| Kransfontein Access Bridge | - | 1,382,381 |
| Rehabilitation of Kokstad Roads | 10,500,000 | - |
| Shayamoya Taxi Route | 9,377,455 | - |
| Upgrading of Mary Park Stadium | 1,162,870 | - |
| Construction of Horse Shoe Road - Phase I | - | 5,233,296 |
| Bongweni Stadium | 1,060,018 | - |
| Other | - | 700,000 |
| Personnel data cleansing | - | 200,000 |
| Telephone management solution | - | 500,000 |
| Total | 22,100,343 | 7,315,677 |

This expenditure will be financed from:

| | | |
|---------------------|-----------|-----------|
| - External Loans | - | 5,800,000 |
| - Government grants | 8,018,338 | 1,515,677 |



| | | |
|-----------------|------------|-----------|
| - Own resources | 14,082,005 | - |
| | 22,100,343 | 7,315,677 |

APPENDIX A

Accumulated Funds, Trust funds, Reserves and Provisions for the Year Ended 30 June 2008

| | Balance at 2007/06/30 | Adjustment during the year | Contributions during the year | Balance at 2008/06/30 |
|--------------------------|--------------------------|----------------------------------|-------------------------------------|--------------------------|
| | R | R | R | R |
| Statutory Funds: | | | | |
| Capital development fund | (37,218,611) | 1,513,575 | (2,928,184) | (38,633,220) |
| Public Improvement Fund | (5,146,570) | - | (379,600) | (5,526,170) |
| | <u>(42,365,181)</u> | <u>1,513,575</u> | <u>(3,307,784)</u> | <u>(44,159,391)</u> |
| | | | | |
| | <u>42,365,182</u> | <u>1,513,575</u> | <u>(3,307,784)</u> | <u>(44,159,391)</u> |



APPENDIX B

External Loans for the Year Ended 30 June 2008

| | Balance at 30/06/2007 R | Redeemed / write off during the year R | Balance at 30/06/2008 R |
|--------------------------------------|-------------------------------|--|-------------------------------|
| EXTERNAL LOANS | | | |
| Annuity Loans | | | |
| INCA - R 8 000 000 @ 16.75% | 4,631,066 | (893,702) | 3,737,364 |
| Planet Finance - R2 888 595 variable | 1,448,398 | (347,121) | 1,101,277 |
| INCA - R 5 800 000 @ 12.26% | 5,538,837 | (867,293) | 4,671,544 |
| INCA - R 7 000 000 @ 11.87% | 5,746,797 | (343,112) | 5,403,685 |
| | - | | - |
| TOTAL EXTERNAL LOANS | 17,365,098 | (2,451,228) | 14,913,870 |



APPENDIX C

Analysis of Fixed Assets for the Year Ended 30 June 2008

| SERVICE | Balance at 1.7.2007 R | Current year expenditure R | Redeemed transferred written off or revalued R | Disposals | Balance at 30.6.2008 R |
|-------------------------------------|-----------------------------|----------------------------------|--|-------------------|------------------------------|
| RATES & GENERAL SERVICES | 84,021,909 | 10,572,157 | 48,400,184 | -1,052,341 | 141,941,909 |
| Fixed Assets | 3,146,496 | - | -3,146,496 | - | - |
| Land and buildings | 2,182,762 | - | 75,856,916 | -297,678 | 77,742,000 |
| Moveable Assets | - | - | - | - | - |
| Civic Buildings | 6,866,888 | - | -6,866,888 | - | - |
| Cemeteries | 120,907 | - | -120,907 | - | - |
| Disposal Site | 73,932 | - | -73,932 | - | - |
| Roads & Streets | 42,679,173 | 8,964,889 | 6,850 | - | 51,650,912 |
| Staff Housing | 5,117,202 | - | -5,117,202 | - | - |
| TV Transmitter | 47,732 | - | -47,732 | - | - |
| Health Assets | - | - | - | - | - |
| Office Furniture & Equipment | 1,861,301 | 59,630 | 901,278 | -111,320 | 2,710,889 |



| | | | | | |
|----------------------------------|-------------------|------------------|--------------------|----------|-----------|
| Computer Equipment | 1,978,445 | 200,701 | -76,096 | -206,105 | 1,896,945 |
| Vehicles & Plant | 4,084,950 | 1,345,535 | 2,772,491 | -428,136 | 7,774,840 |
| Swimming Pool | 166,461 | - | -166,461 | - | - |
| Tools & Equipment | 667,178 | 1,402 | -493,155 | -9,102 | 166,323 |
| Abattoir Assets | 39,566 | - | -39,566 | - | - |
| Local Affairs | 1,524,703 | - | -1,524,703 | - | - |
| Sewerage Assets | - | - | - | - | - |
| Bhongweni | 13,227,314 | - | -13,227,314 | - | - |
| Bulk Services | 236,899 | - | -236,899 | - | - |
| HOUSING | 80,746,841 | 2,072,944 | -82,819,785 | - | - |
| Riverview | 41,288 | - | -41,288 | - | - |
| East view | 4,180 | - | -4,180 | - | - |
| South end / Geluksdal | 851,825 | - | -851,825 | - | - |
| Bhongweni Housing | 3,151,833 | - | -3,151,833 | - | - |
| Franklin Housing Project | 18,685 | - | -18,685 | - | - |
| Bhongweni Area 5 & 6 and 12 & 13 | 40,644,448 | 2,072,944 | -42,717,392 | - | - |
| Area 9 & 10 | 53,871 | | -53,871 | | |



| | | | | | |
|-------------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| | - | - | - | - | - |
| Shayamoya 236 sites | 1,278,461 | - | -1,278,461 | - | - |
| Shayamoya Ph.1 & 2 | 34,702,250 | - | -34,702,250 | - | - |
| TRADING | 123,141,729 | - | 5,455,773 | - | 128,597,502 |
| Electricity | 123,141,729 | - | 5,455,773 | - | 128,597,502 |
| PUBLIC IMPROVEMENT FUND | 2,496,448 | - | -2,496,448 | - | - |
| FIXED ASSETS | 290,406,927 | 12,645,101 | -31,460,276 | -1,052,341 | 270,539,412 |
| Less: LOANS REDEEMED AND | | | | | |
| OTHER CAPITAL RECEIPTS | 273,791,239 | 15,096,328 | -32,209,684 | -1,052,341 | 255,625,541 |
| Loans redeemed and advances repaid | 41,588,424 | 2,451,227 | 3,420,839 | - | 47,460,490 |
| Contributions from operating Income | 8,751,016 | 5,295,025 | -1,078,659 | -754,663 | 12,212,719 |
| External Contributions | 4,024,255 | - | -3,139,943 | - | 884,312 |
| Grants and Subsidies | 219,198,524 | 7,350,076 | -31,411,921 | -297,678 | 194,839,001 |
| Proceeds ex Sale of Assets | 229,020 | - | - | - | 229,020 |
| NET FIXED ASSETS | 16,615,688 | -2,451,227 | 749,408 | - | 14,913,870 |



APPENDIX D

Analysis of Operating Income and Expenditure for the year ended 30 June 2008

| Actual 2007 R | | Actual 2008 R | Budgeted 2008 R |
|---------------------|-------------------------------------|---------------------|-----------------------|
| | <i>Income</i> | | |
| 25,953,753 | Subsidies | 20,297,024 | 23,330,119 |
| 15,953,881 | Equitable share | 19,563,024 | 18,997,000 |
| 9,999,872 | Government and Provincial grants | 734,000 | 4,333,119 |
| 72,708,411 | Operating income | 76,221,584 | 92,374,008 |
| 22,244,161 | Assessment rates | 20,599,324 | 23,460,483 |
| 39,317,521 | Sale of electricity | 33,635,629 | 41,147,428 |
| 11,146,729 | Other income | 21,986,631 | 27,766,097 |
| 98,662,164 | <i>Total income</i> | 96,518,609 | 115,704,127 |



| Expenditure | | | |
|--------------------|--------------------------------|--------------------|--------------------|
| 35,366,589 | Salaries, wages and allowances | 40,411,170 | 40,312,601 |
| 51,464,786 | General expenses | 69,717,841 | 49,110,623 |
| 1,076,002 | Repairs and maintenance | 1,920,365 | 3,303,919 |
| 10,260,828 | Capital charges | 4,906,833 | 5,781,934 |
| - | Contributions to fixed assets | 5,768,176 | 13,786,894 |
| 2,959,865 | Contributions | 4,516,422 | 3,408,156 |
| <u>101,128,070</u> | Gross Expenditure | <u>127,240,808</u> | <u>115,704,127</u> |
| <u>-2,465,906</u> | Net Deficit | <u>-30,722,200</u> | <u>-</u> |



APPENDIX E

THE GREATER KOKSTAD MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| Actual Income | Actual expenditure | Surplus / (Deficit) | | Actual Income | Actual expenditure | Surplus / (Deficit) | Budget Surplus/ Deficit |
|------------------|-----------------------|------------------------|---|------------------|-----------------------|------------------------|-------------------------------|
| 2007 | 2007 | 2007 | | 2008 | 2008 | 2008 | 2008 |
| R | R | R | | R | R | R | R |
| 98,662,164 | 101,128,069 | -2,465,905 | Rates and general services | 96,518,609 | 127,240,808 | -30,722,200 | 297,454 |
| 45,860,077 | 59,806,472 | 13,946,395 | Community Services | 50,030,018 | 76,786,860 | -26,756,842 | -514,830 |
| 22,244,161 | - | 22,244,161 | General Rates | 20,599,324 | - | 20,599,324 | 22,777,168 |
| 2,628,440 | 12,470,256 | -9,841,816 | Administration | 4,596,301 | 11,422,345 | -6,826,043 | 1,516,324 |
| 319,593 | 1,491,797 | -1,172,204 | Library | 33,615 | 1,037,251 | -1,003,635 | 1,383,640 |
| 18,994,714 | 18,651,470 | 343,244 | Treasury Customer Care Centre | 22,412,794 | 38,107,981 | -15,695,188 | 7,286,208 |
| 530,048 | 2,040,767 | -1,510,719 | Clinic | 424,290 | 1,514,261 | -1,089,971 | -881,215 |
| - | 367,903 | -367,903 | Cemetery | - | - | - | - |
| 83,570 | 1,145,754 | -1,062,184 | Parks & Recreation | 82,608 | 1,116,449 | -1,033,841 | 1,570,392 |
| 52,226 | 3,078,908 | -3,026,682 | Housing | 25,087 | 2,976,471 | -2,951,384 | 2,633,510 |
| - | - | - | Administration Town Engineer : Administration | - | - | - | - |
| 162,494 | 2,469,950 | -2,307,456 | Roads & Streets | 292,937 | 3,174,219 | -2,881,282 | 4,207,584 |
| 12,556 | 9,235,395 | -9,222,839 | Sport | 11,771 | 8,392,786 | -8,381,015 | 7,949,493 |
| - | - | - | Municipal Manager Councillors Administration | - | - | - | - |
| 832,275 | 4,939,808 | -4,107,533 | | 1,551,290 | 4,916,300 | -3,365,010 | 5,997,631 |
| - | 3,914,464 | -3,914,464 | | - | 4,128,798 | -4,128,798 | 4,438,417 |



| | | | | | | | |
|------------|-------------|------------|--|------------|-------------|-------------|-----------|
| 4,456,013 | 9,952,562 | -5,496,549 | Subsidised Services | 5,052,446 | 12,200,886 | -7,148,440 | 4,183,068 |
| - | 1,071,559 | -1,071,559 | Workshop | - | 1,174,505 | -1,174,505 | 1,051,680 |
| 629,706 | 702,023 | -72,317 | Health Services | 101,949 | 2,304,088 | -2,202,139 | -310,007 |
| 3,091,429 | 4,107,169 | -1,015,740 | Protection Services | 3,626,670 | 4,606,841 | -980,171 | -306,176 |
| 370,900 | 1,699,851 | -1,328,951 | Fire | 916,407 | 2,232,104 | -1,315,697 | -898,232 |
| 363,978 | 2,371,960 | -2,007,982 | Estates | 407,420 | 1,883,348 | -1,475,928 | 1,616,973 |
| 9,028,553 | 6,883,676 | 2,144,877 | Economic Services | 7,780,447 | 6,521,617 | 1,258,830 | -641,578 |
| 9,028,553 | 6,832,506 | 2,196,047 | Cleansing | 120,995 | 395,539 | -274,544 | -591,570 |
| - | 51,170 | -51,170 | Sewerage-vacuum tank | 7,659,452 | 6,126,078 | 1,533,374 | -50,008 |
| 39,317,521 | 24,485,359 | 14,832,162 | Trading Services | 33,655,697 | 31,731,445 | 1,924,252 | 5,636,930 |
| 39,317,521 | 24,485,359 | 14,832,162 | Electricity | 33,655,697 | 31,731,445 | 1,924,252 | 5,636,930 |
| 98,662,164 | 101,128,069 | -2,465,905 | Total | 96,518,609 | 127,240,808 | -30,722,200 | 297,454 |
| | | 12,116,761 | Appropriations for the year (Refer to note 17) | | | -463,078 | |
| | | 9,650,856 | Net surplus / (deficit) for the year | | | -31,185,277 | |
| | | | Accumulated (deficit) / surplus at the | | | | |



| | | |
|------------|--|-------------|
| -6,323,767 | beginning of the year | 3,327,089 |
| 3,327,089 | Accumulated surplus / (deficit) at the end of the year | -27,858,189 |
| 22 | | |



APPENDIX F

Statistical Information

| | 2007/2008 | 2006/2007 |
|---|-------------|-------------|
| General statistics | | |
| Population | 65,870 | 64,446 |
| Properties | | |
| - State | 83 | 60 |
| - Industrial | 99 | 108 |
| - Residential | 7,588 | 7,632 |
| - Commercial | 114 | 102 |
| - Other | 194 | 163 |
| Valuation date: 1 July 2000 | | |
| Land Value | 158,750,902 | 151,070,090 |
| Rateable Value | 152,335,222 | 138,504,910 |
| Non Rateable Value | 6,415,680 | 12,565,180 |
| Number of erven: | 7,590 | 7236 |
| Number of employees | 388 | 377 |
| Electricity statistics | | |
| Units (kWh) purchased | 81,900,495 | 81,231,830 |
| Units (kWh) sold ('000) | 81,534,986 | 80,825,670 |
| Units (kWh) gained / (lost) with distribution | -365,509 | -406,160 |
| Percentage loss | 0.5 | 1 |



| COST CODES | GREATER KOKSTAD MUNICIPALITY | | | | | | | | | | |
|---------------|--|--|--------------|--------------------|-----------|--------------|----------------------------|-------------------------------------|------------|----------------------|--|
| | GRANTS AND SUBSIDIES SCHEDULE | | | | | | | | | | |
| | | June-2008 | | | | | | | | | |
| | ACCOUNT NAME | OPENING BALANCE AS AT 01/06/2008 | GRANT REC | COUNCIL FUNDING | INTEREST | TOTAL INCOME | CAPITAL EXPENDITUR E | NON - CAPITAL EXPENDIT URE | VAT | TOTAL EXPENDITURE | CLOSING BALANCE AS AT 30/06/2008 |
| 2007/01 | DROUGHT RELIEF FUND | 368,431.42 | | | 2,255.00 | 370,686.42 | 370,686.42 | | - | 370,686.42 | - |
| 2007/02 | PROVINCE: PROJECT CONSOLIDATE | 319,818.50 | | | 4,774.05 | 324,592.55 | - | 324,592.55 | | 324,592.55 | - |
| 2007/03 | NER ELECTRICAL CONNECTIONS | 1,270,255.93 | | | - | 1,270,255.93 | 710,977.56 | | - | 710,977.56 | - |
| 2007/04 | MSIG PROJECT CONSOLIDATE | 339,020.87 | | | 2,788.28 | 341,809.15 | - | 150,496.37 | 21,069.49 | 171,565.86 | 170,243.29 |
| 2007/05 | PUBLIC PARTICIPATION | 153,976.44 | | | 654.92 | 154,631.36 | | 39,850.00 | | 39,850.00 | 114,781.36 |
| 2007/06 | HORSESHOE TOWNSHIP | 2,197,781.10 | | - | 20,334.52 | 2,218,115.62 | 441,561.53 | | 61,818.61 | 503,380.14 | 1,776,554.09 |
| 2007/07 | HUMAN RESOURCE - HR | 104,081.04 | - | | 942.99 | 105,024.03 | | - | | - | 105,024.03 |
| 2007/10 | GIS | 185,650.55 | | | 1,308.71 | 186,959.26 | - | | - | - | 186,959.26 |
| 2007/11 | FINANCIAL MANAGEMENT GRANT - FMG | 181,297.02 | | - | 2,134.30 | 183,431.32 | - | - | - | - | 183,431.32 |
| 2007/12 | CONNECTOR RD BWT SHAYA/BHONG - CMIP | 27,327.54 | 169,082.71 | - | - | 196,410.25 | 172,289.69 | - | 24,120.56 | 196,410.25 | 0.00 |
| 2007/13 | PEOPLES HOUSING PROCESS 12 & 13 | 199,388.53 | | - | 1,405.55 | 200,794.08 | - | - | - | - | 200,794.08 |
| 2007/14 | RECOVERY PLAN | 211,177.79 | | | 1,152.58 | 212,330.37 | 212,330.37 | - | | 212,330.37 | -0.00 |
| 2007/15 | LUMS | 73,778.97 | | | 454.30 | 74,233.27 | - | 4,304.74 | 602.66 | 4,907.40 | 69,325.87 |
| 2007/16 | MFMA | 24,230.49 | | | - | 24,230.49 | | 24,230.49 | - | 24,230.49 | - |
| 2007/17 | VALUATION ROLL | -0.00 | | | - | -0.00 | - | - | - | - | -0.00 |
| 2007/18 | MUNICIPAL INFRASTRUCTURE GRANT - MIG | 815,967.02 | 230,000.00 | | 1,995.20 | 1,047,962.22 | 596,920.87 | | 83,568.92 | 680,489.79 | 367,472.43 |
| 2007/19 | PERFORMANCE MANAGEMENT SYSTEM -PMS | 6,289.81 | | | 22.70 | 6,312.51 | | 6,312.51 | - | 6,312.51 | - |
| 2007/20 | MUNICIPAL DEV. CAPACITY BUILDING - MDCB | 153,880.14 | - | | 1,811.24 | 155,691.38 | - | | - | - | 155,691.38 |
| 2007/21 | GENERAL CONDITIONAL GRANT - GCG | - | | | - | - | | - | - | - | - |
| 2007/22 | GIJIMA PROJECT | 27,648.36 | | | 149.45 | 27,797.81 | - | | | - | 27,797.81 |
| 2007/23 | INTERNAL AUDIT UNIT | - | | | - | - | | - | | - | - |
| 2007/24 | REDS GRANT | 164,655.24 | | | 1,384.45 | 166,039.69 | | | | - | 166,039.69 |
| 2007/25 | MIIP GRANT | 219,540.23 | | | 1,845.94 | 221,386.17 | | | | - | 221,386.17 |
| 2008/01 | SPORTS FACILITIES UPGRADE | 436,437.78 | - | | 2,436.67 | 438,874.45 | 188,730.00 | | 26,422.20 | 215,152.20 | 223,722.25 |
| 2008/02 | METRE AUDIT(PROJECT CONSOLIDATE) | 1,043,986.71 | | | 8,935.39 | 1,052,922.10 | | | | - | 1,052,922.10 |
| 2008/03 | MUNICIPAL OFFICES | 5,041,150.68 | - | | 42,387.10 | 5,083,537.78 | | | | - | 5,083,537.78 |
| | | 8,524,621.49 | 399,082.71 | - | 56,786.24 | 8,980,490.44 | 2,693,496.44 | 549,786.66 | 217,602.45 | 3,460,885.54 | 10,105,682.92 |



Chapter 5: Functional Area Service Delivery Reporting

5.1 Service Delivery Reporting

Office of the Municipal Manager



Mr. M. A. Nkosi – Municipal Manager

Divisions:

- Youth Services and Special Projects;
- Local Economic Development;
- Integrated Development Planning and Public participation;
- Support to the office of the MM, the Mayor and the Speaker

Strategic objectives:

- The reason for the existence of the office of the MM is to provide strategic leadership to the entire municipality, ensure that the municipality as an entity provides services to the people of Kokstad as entrenched in the Constitution, operates within the set legal framework and complies with all the laws of the land.



Chapter 5: Functional Area Service Delivery Reporting

Programme: Public Participation

| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|---|--|-----------|------|---------|---|--|--------------------|---|-------------------------------------|
| Inkqubela Awareness Campaign (Outreach Programme) | This project will not continue as it is incorporated to the Information Sharing Days in the next financial year | R30,000 | NIL | NIL | Capacity building for the Community | General public to participate effectively and efficiently To be able to have a well informed and capacitated community | 30% | Funds were exhausted before the project could be implemented. | Not applicable |
| Community Based Planning Awareness Programme | The Community Based Planning Workshop took place from the 09th to the 11th June 2008. More education still required by community this project will continue in the next financial year | R100,000 | NIL | NIL | Improve the quality of ward planning Improve the quality of customer service Improve the community's control over development Increase community action and reduce dependency. | Empower community to plan for itself Assist local government and the municipality to understand and address service needs of the citizen Assist the municipality to be responsive to the community | 100% | Higher levels of dependency by the community | Not applicable |
| Newsletter | To increase the size of the newsletter to A3, increase the content of the newsletter and direct distribution to the farm areas. The | R200, 000 | NIL | NIL | For Council to develop its quarterly newsletter publication | Bridging the information gap between the municipality and the communities | 100% | Coverage of the farm communities | Attempt to include farm communities |



| | | | | | | | | | |
|---|--|-----|-----|-----|---|--|------|---|-----------------|
| | Newsletter for the quarter ending in June is in progress | | | | | Tourism marketing for the municipality Dissemination of municipal information. Effective Communication of municipal and/or government programmes | | | |
| Capacity building of the ward committees (Training intervention programmes) | More education to be done in the next financial year 2008/09 | NIL | NIL | NIL | Ward Committee to be able to have capacity of ensuring that the community participates effectively | In order to achieve or promote efficient and effective Community Participation – Ward Committees well capacitated leaders | 80% | Community members become entangled in politics | Not applicable |
| Compensation – (Sit-in allowance for Ward Committees) | A letter has been written to DPLG as to how far they are with the process. They have responded that our query is being looked into | NIL | NIL | NIL | Ensure good governance and effective Community participation | To encourage Ward Committees to function properly | 100% | DPLG delaying on payments. The municipality is paying the ward committees | Not applicable |
| Imbizo (state of the village) | Involving sector departments and stakeholders in the planning process to eliminate surprises on the day of Imbizo. | NIL | NIL | NIL | Interaction with the general public. Position and communicate positive developments performed by the municipality and challenges encountered in the process. | Change mindset of general public and good practice of Batho Pele Ensuring good governance | 100% | Budgetary constraints | Solicit funding |



Chapter 5: Functional Area Service Delivery Reporting

Programme: LED

| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|---------------------------------|---|------------|------|---------|---|---|--------------------|---|---|
| Furniture manufacturing project | The workshop has been identified but this project has been shifted to the next financial year | R 1200,000 | NIL | NIL | Council support of the SMME within the area of the municipality | To develop a furniture manufacturing that will produce good quality furniture | 0% | Budgetary constraints | Shifted to the 2008/09 financial year |
| Bhongweni Car Wash | Construction has begun there is a good progress The members will undergo training in business skills with SEDA | R 200,000 | NIL | NIL | Council support of the community projects | To create a conducive business environment for the young Entrepreneurs | 50% | Delayed implementation The payment certificate made will be paid after the 15th of July 2008 | To put more pressure to the contractor so that they meet the deadline of June 2008 |
| Community gardens | This is an ongoing project and it has shown good returns to those families that were assisted | R 200,000 | NIL | NIL | Council support of the poverty alleviation projects | To reduce the poverty levels in the communities | 100% | The supply of seedlings did not work well as compared with that of potatoes and there were complaints from community members who did not receive fertiliser | For the next ploughing season it has been observed that it will be better to supply the communities with seeds not seedlings and with small packets of fertiliser and top |



| | | | | | | | | | |
|--------------------|---|-----------|-----|-----|---|---|-----|--|--|
| | | | | | | | | | dressing |
| Skills Development | This is an ongoing project but currently there are over 40 entrepreneurs trained in business skills | R 200,000 | NIL | NIL | Skills Empowered community of Greater Kokstad | To equip entrepreneurs with various skills so that they can manage and run their businesses effectively | 90% | The main challenge is the delay from the IDC in coming up with training programmes as they are the funders of this programme | To involve other stakeholders such as SEDA, FET College and others |
| SMME Development | This is an ongoing programme with two SMME's assisted in this financial year | R 200,000 | NIL | NIL | Effective SMME's for Greater Kokstad | To create a conducive business and trading environment to the emerging SMME's | 90% | The main challenge is that the SMME in the form of co – operatives show no signs of sustainability regardless of the training provided to them | To get the mentors that will work hand in hand with the municipality |



Chapter 5: Functional Area Service Delivery Reporting

Programme: Strategic Planning and Integrated Development Planning

| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|---------|--|-----------|------|---------|--|---|--------------------|---|---|
| IDP | <p>Final 2008/09 IDP approved by Council at its meeting of the April 2008</p> <p>The final adopted IDP is submitted to DLGTA by the 10th July 2008</p> | R 250,000 | NIL | NIL | Council adopted credible IDP with sector programmes included | Improved service delivery through improved planning, budgeting and implementation | 100% | Poor attendance at the IDP representative forum by the government departments | Finalisation of the IDP and submission thereof to local government by the deadline date |
| PMS | The PMS has been finalised and approved by Council and has been included in the IDP for 2008/2009 | NIL | NIL | NIL | Council adopted functional PMS with achievable targets | Objective means of measuring performance and identification of areas that need capacitating and support | 100% | Not applicable | Quarterly review of the PMS |



Chapter 5: Functional Area Service Delivery Reporting

Programme: Special Programmes

| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|---------------------|---|-----------|------|---------|---|--|--------------------|--|---|
| Formation of Forums | <p>Youth Council was launched on the 29th February 2008</p> <p>Sport Council was launched on the 26th January 2008</p> <p>Other relevant forums/structures will be launched in the 2008/09 financial year</p> | R 40,000 | NIL | NIL | Formation of relevant structures / forums i.e. Sport Council and Youth Council | <p>To have a working relationship with the relevant stakeholders i.e. DSR, DPSA, DoH, DoSW, SAPS, Sport Council, Youth Council and Local Ass. etc</p> <p>Youth ,young women ,elderly, arts and culture and disabled structures</p> | 84% | Inconsistent participation by government departments, relevant stakeholders and associations | Continuous projects or activities |
| SALGA Games | Project complete | R 120,000 | NIL | NIL | <p>Organizing tournaments in consultation with relevant sporting codes and associations and participation in SALGA KZN annual Games</p> <p>To make sporting equipment available</p> | <p>To expose many of GKM players at Provincial level - Kwanaloga games.</p> <p>To coordinate or encourage sport in our area.</p> <p>Greater Kokstad</p> | 100% | Limited sports fields | Participation in the Local and district sporting activities |



| | | | | | | | | | |
|------------------------------------|---|----------|-----|-----|---|---|-----|---|---|
| | | | | | | Municipality assisted towards Easter tournament that was organised by Local Football Association | | | |
| HIV AIDS awareness campaigns | HIV and Aids, crime and drugs awareness campaigns are taking place at High Schools Ongoing project | R 60,000 | NIL | NIL | Comprehensive community awareness campaigns and strategy development including implementation | To fight against the spread of the HIV and AIDS epidemic To promote healthy living by encouraging people to test in order to know their status (VCT) | 51% | Taking care of the impact of HIV and AIDS in our community As a result of unemployment, poverty there is a problem of high rate of crime and drugs in our young people | The HIV and Aids, drugs and crime awareness campaign is a continuous project working together with Dept of Health, Youth for Change Against Crime and Drugs and Community Development Workers |
| CBO and NGO's assistance programme | Ongoing project | R 20,000 | NIL | NIL | Assistance programs to CBO, NGO, NPO and associations | To assist NGOs, CBOs and NPOs in order to be self sustainable | 90% | There are many NGOs, CBOs, NPO's that are looking for this assistance, and some are not traceable | Terms of reference are included within poverty alleviation policy as resolved by extended management meeting |
| National Youth day | Youth day was celebrated on the 28 th of June 2008 | R 60,000 | NIL | NIL | Successful hosting of the National Youth day celebration | Awareness of the role played by the youth in the ushering of democracy in South Africa | 46% | Not applicable | To host the celebration annually |



Chapter 5: Functional Area Service Delivery Reporting

Infrastructure, Planning and Development Department



Mr. A. Velem – Executive Manager: Infrastructure, Planning and Development

Divisions:

- Roads
- Stormwater
- Project Management Unit (PMU)
- Estate
- Fleet

Strategic objectives:

- Infrastructure development
- Addressing of service delivery backlogs
- Maintenance of infrastructure
- Planning services



Chapter 5: Functional Area Service Delivery Reporting

Programme: Roads infrastructure and related services

| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|--|---|----------------|------|---------|--|---|--------------------|---|---|
| Rehabilitation of Roads in Kokstad phase 2 (St Johns, Murray & Zietsman Streets) | The project is at a standstill as the final work is being finalised as how it will be done | R4,300,000 | NIL | NIL | 5km of surfaced road structure for safer driving | To provide 5km new improved road infrastructure and safer driving surface. | 99% | The finished product is not satisfactory for the final surface especially at intersections. | Road intersections to be resurfaced because the finished product is not acceptable at all as well as some areas in Murray Street & St Johns streets. IPD is going to use surfacing contractor that is going to surface Horseshoe road from the end June 2008 |
| Kraansfontein Bridge | Final handover is being organised through consultants (ENACU) and the date to be announced once all parties have agreed on the proceedings | R1,366,061.25 | NIL | NIL | Completed bridge | To provide access to Kraansfontein Farm | 100% | Not applicable | Not applicable |
| Rehabilitation of Solid W. Site (Phase 2) (Not in 2007-08 SDBIP) | The project is complete. Operation and maintenance is ongoing | R2,353,857.74 | NIL | NIL | Permitted disposal site | To rehabilitate existing disposal site for closure as per DWAF minimum standard | 100% | Not applicable | Not applicable |
| Bhongweni Roads Area 5 & 6 | Project is complete. Final handover is being organised | R 1,644,847.50 | NIL | NIL | New formal road to improve | To provide km formal road. | 100% | Not applicable | Not applicable |



| | | | | | | | | | |
|---|---|---|-----|-----|--|---|------|----------------|--|
| | through the Consultants (Mark Duccasse) and the date to be announced once all parties have agreed on the proceedings | | | | commuter traffic. | | | | |
| Shayamoya – Bhongweni Link Road | The project is complete | R 2,138,320.44 | NIL | NIL | Formal link road from Bhongweni to Shayamoya | To provide 0.9km formal road. | 100% | Not applicable | Final handover is being organised through the Consultants (Mark Duccasse) and the date to be announced once all parties have agreed on the proceedings |
| Street Lights Area 12 & 13 Horse Shoe | Project is complete. Site Handover to be organised once all the parties have agreed that every thing is completed | R 494,685 (MIG = R 474,685.91, GKM = R 19,999.99) | NIL | NIL | 183 lights installed | To provide streetlights in area 12&13 horseshoe | 99% | Not applicable | Not applicable |
| Street Lights Bhongweni Area 5 & 6 | Project is almost complete | R 480,651 (MIG=R 405,651, GKM= R 75,000) | NIL | NIL | 156 lights installed | To provide streetlights in area 5&6 Bhongweni | 99% | Not applicable | Not applicable |
| Rehabilitation of Horseshoe Roads Phase 1 - 2007/08 | Due to contractual delays and variation orders the final completion will be 09 July 2008 and site handover is scheduled for 23 July | R 4,500,000 Construction & R 473,437 Profession | NIL | NIL | 3.1km of surfaced road structure for safer driving | To provide 3.1 km formal road | 55% | Not applicable | Not applicable |



| | 2008 | al fees | | | | | | | |
|---|---|---|-----|-----|--|---|-----|--|---|
| Rehabilitation of Taxi Rank Toilets | Project is near completion and only urinals have not been installed due to order delays | R 461,483 | NIL | NIL | Clean and well maintained public toilets | Upgrading of existing public toilet facilities | 95% | Contractor is only left with installation of urinals, due to problem with manufacturer | Not applicable |
| Rehabilitation Bhongweni Stadium | Project is currently under way | R 939,086.11 = Contractor R120,986.00 = Consultant | NIL | NIL | Clean and well maintained public sports facility | Upgrading of existing sports facilities | 40% | Budget has to be increased to suit the award amount | Not applicable |
| Upgrading of Murray Park Sports Facility Phase 1 = 2007/08 | Construction is in its final stages. | DSRAC = R1,200,000 | NIL | NIL | Sport Facility with all the sporting codes | To upgrade existing Murray Park stadium to a Sport Facility | 77% | Budget constraints. | Other codes had to be accommodated in Elliot Park |
| Upgrading of Murray Park Sports Facility Phase 2 MIG = 2008-09 | Finalising scope of work to be done this financial year from the final designs | MIG = R 4,130,305.50 | NIL | NIL | Sport Facility with all the sporting codes | To upgrade existing Murray Park stadium to a Sport Facility | 2% | GKM cannot use all the approved budget this financial year due to other prioritised projects | An amount of R 725,829.54 can be used this financial year due to the fact that roads projects have taken bulk of our allocation for 2008-09 financial year. Construction can only start towards the end of financial |



| | | | | | | | | | year. |
|--|---|--------------|-----|-----|--|---|-------|---|----------------|
| Upgrading of Shayamoya Taxi Route (Chris Hani Drive, Thabo Mbeki Street & part of Walter Sisulu Drive) | Currently engaging in tender evaluation | R 8,200,000 | NIL | NIL | 3.2 km of surfaced roads with controlled storm water drainage system | To provide 3.2km new improved road infrastructure and safer driving surface | 5.76% | Project was re-advertised after poor turnout by contractors | Not applicable |
| Rehabilitation of Kokstad Roads Phase 3 (Barclay , Hawthorn, Scott, Zietsmann and Railway Streets) (2008-09 F/Y) | Currently engaging in tender evaluation | R 10,500,000 | NIL | NIL | 2.8 km of surfaced roads with controlled storm water drainage system | To provide 2.8km new improved road infrastructure and safer driving surface | 6.5% | Insufficient udget due to the fact that all bidders were higher than the initial budget due to price escalation around the country. | Not applicable |



Chapter 5: Functional area service delivery reporting

2. Programme: Electrical

| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|---|---|------------|------|---------|---|---|--------------------------|---------------------------------|-----------------------------|
| Street lighting: Horseshoe | Project 98% complete | R 494,868 | NIL | MIG | Install street lights | To provide a better life for all | 98% | 9 Street lights left to install | Not applicable |
| Bhekintaba Substation (Bulk Infrastructure Upgrade) | Eskom completed the construction of the substation GKM still to procure switchgear and connect up 11kv network | NIL | NIL | DME | To provide Electricity for electrification | To promote electricity for house development | 40% complete(1st phase) | Not applicable | Not applicable |
| Applications to the NER/DME | R3 million approved awaiting for reports to secure funding | R 3000,000 | NIL | DME | To assist with funding to build Bhekintaba substation | Funding for Bhekintaba substation | 50% | Application has been approved | Not applicable |
| Street Lighting: Area 5&6 | Project 95% complete | R 480,651 | NIL | MIG | Install street lights | Upliftment of community by providing them with basic services | 95% | To install the street lights | Not applicable |



Chapter 5: Functional Area Service Delivery Reporting

Social Development Department



Ms. B. Zulu – Executive Manager (Acting): Social Development

Divisions:

- Community services:
 - Cleansing section
 - Parks and gardens
 - Waste management
 - Public libraries and public amenities
 - Cemeteries
 - Pound
- Community safety:
 - Fire and Disaster Management
 - Traffic Management
 - Public Safety and Securities Management
- Libraries:
 - Bhongweni
 - Main Library



Chapter 5: Functional area service delivery reporting

Strategic objectives:

- Traffic services:
 - Traffic Management
 - Learners' and Drivers' examinations/tests
 - Vehicle registration and licensing
 - Traffic law enforcement
 - The erection and maintenance of road signs and surface markings
 - Education about traffic safety/road safety campaign
- Law enforcement:
 - Enforcement of Municipal Bylaws
 - Protection of municipal assets
 - Crime prevention
- Disaster management:
 - Disaster operations – management of disaster continuum
 - Disaster planning
 - Disaster response and relief/recovery including rehabilitation
 - Public awareness
 - Disaster training
- Fire and rescue services:
 - Fire Prevention
 - Fire Fighting
 - Rescue operations
 - Volunteer Development
 - Public Awareness



Chapter 5: Functional area service delivery reporting

Community Services

| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|---|---|-------------|------|---------|--|---|--------------------|--|--|
| Acquisition of cemetery | Suitable land for burial has been sourced; however Land Affairs has indicated that they are not buying cemetery land. The Municipality needs to avail funding to buy the Mount Currie Farmers Association Plot. | R 3,500,000 | NIL | NIL | To acquire land on which to develop a cemetery | To address the eminent burial land shortage | 0% | Negotiations with Land Affairs have failed. The municipality is negotiating with Mount Currie Farmers Association to buy their plot. | Mount Currie Farmers Association has put an offer for their land. The study has been completed. The land is suitable for a cemetery, but there are areas that need machinery |
| Renovation of 4 municipal halls | The Bill of quantities has been completed, and the project will commence on the 3rd week of July 2008. | R 900,000 | NIL | NIL | To rehabilitate Halls and beautify the interior for revenue base | To secure and increase safety of the Halls | 40% | Not applicable | The rehabilitation will commence in the 3rd week of July 2008. |
| Rehabilitation of town hall and council chamber | IDT will be creating the designs of the project and submit to the municipality for comments. This project has been added on the office building project by IDT. | R1,050,000 | NIL | NIL | Rehabilitated and refurbished town hall and council chamber | Upgrade town hall and council chamber | 20% | Not applicable | Not applicable |
| Maintenance of parks and | The inner park has been rehabilitated | R 170,000 | NIL | NIL | Maintenance of parks and | Beautify the inner CBD and | 95% Inner | Not applicable | Not applicable |



| | | | | | | | | | |
|---|---|-----------|---|----------|---|---|--|----------------|----------------|
| recreational areas. Development of nursery | and is ready to be used. Due to the closure of the Taxi Rank this is on hold Other parks are continually in use even though they are not rehabilitated. The inner component of the Nursery will be budgeted for in 2008/09. | | | | recreational areas. Development of nursery | other areas | city Park 20% Other parks Recreationa l Areas 25% 100% Nursery fencing at Hagan Place | | |
| Fencing of cemetery | To be completed by 2nd week of August. | R 300,000 | Quotations have been received from suppliers and the acquiring process has commenced. | Internal | A fenced cemetery | A fenced cemetery that is free from vandalism | 75% | Not applicable | Not applicable |



Chapter 5: Functional Area Service Delivery Reporting

Community Safety

Programme: Safety and security and traffic services

| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|--------------------------------|---|-----------|------|---------|---|---|--------------------|--|---|
| Speed humps | Project has not yet commenced | NIL | NIL | NIL | Speed Humps constructed in identified areas | Construction of speed humps to aid in reduction of road accidents | 0% | Project has been put to abeyance due to budget constraints (senior management decision) | Attempt to solicit funds |
| Extension of Office space | Currently communicating with DOT Property Management Section | R 100,000 | NIL | NIL | Office to be extended and put to use | Additional office space to accommodate all employees | 10% | Not applicable | Awaiting designs from DOT since this is KZN-DOT property/building project |
| Installation of Live Scan Unit | The system has been installed, waiting training to take place in the near future | R 100,000 | NIL | NIL | Live Scan Unit is installed | Improve and enhance service delivery Satisfied customers Shorter queues | 90% | The training was supposed to place during first week of October but due to power failure on day of the training. | Training has been postponed to a date suitable for DOT officials. |
| Air conditioning | This is going to place upon the completion of extension of office space extension | R 25,000 | NIL | NIL | Installation of air conditioning units | To create a conducive environment for applicants and staff | 0% | Waiting office space extension | Not Applicable |
| Dragger Machine | The section has requested quotations | R 120,000 | NIL | NIL | To obtain a Dragger machine | To legally apprehend motorists who are driving whilst under the influence of alcohol | 5% | Procurement processes | Not applicable |



| | | | | | | | | | |
|---|--|-----------|-----|-----|--|---|------|--|---|
| | | | | | | <p>To limit accidents caused by drunken drivers</p> <p>To assist with general maintenance of law and order</p> | | | |
| Lawn mower | Lawn mower has been purchased and is in use | R 10,000 | NIL | NIL | To purchase a lawn mower for the upkeep of grounds | <p>To upkeep and maintain the grounds at the traffic department</p> <p>To beautify the testing grounds</p> | 100% | Not applicable | Not applicable |
| Traffic Lights (corner of Hope & Avenue Street) | Traffic lights installed at the intersection of the Avenue and Hope Street | R 280,000 | NIL | NIL | Traffic lights installed at the intersection of the Avenue and Hope Street | <p>To ensure traffic controlled intersection</p> <p>To ensure a safe and secure environment for pedestrians and motorists</p> | 0% | There is slow communication from DOT | Attempt to speed up communication with DOT by taking initiative |
| Speed calmer | In consultation on the matter with Provincial department of transport | R 220,000 | NIL | NIL | Speed calmer installed | <p>To ensure traffic controlled intersection</p> <p>To ensure a safe and secure environment for pedestrians and motorists alike</p> | 0% | The process is slower than expected from DOT | To obtain permission to proceed from DOT |
| Traffic Management Systems(Parking control) | Presentation done by potential service | NIL | NIL | NIL | Traffic Management | To maintain parking in town & enhance municipal | 0% | This will Awaiting section 78 assessment | Not applicable |



| | providers | | | | system in place | revenue | | to be done | |
|-----------------------------------|--|-----------|-----|-----|-------------------------------------|---|-----|--|--|
| Mobile Speed Camera | Acquired correspondence to attain permit for implementation from Director of public prosecutions | R 250,000 | NIL | NIL | Mobile Speed Camera installed | To reduce speed and minimize accidents and institute fines and apprehend speeding motorists | 99% | Machine has not yet been acquired | Machine to be acquired once permission is granted by the Director of public prosecution including carburetion of the machine |
| Compliance: Enforcement of By-Law | By-laws have been included in gazette | NIL | NIL | NIL | To ensure that by-laws are enforced | To enforce all municipal by-laws | 0% | Municipality requires a penalty clause | Penalty clause to be obtained from Justice Department |



Chapter 5: Functional area service delivery reporting

Disaster Management

Programme: Fire and Disaster management plan

| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|--|--|-----------|------|---------|---|---|--------------------|----------------|--|
| Disaster relief | No major disasters occurred in this financial year except incidents that were manageable | R 155,000 | NIL | NIL | Adequate disaster intervention | To assist community with disaster relief | Ongoing | Not applicable | Not applicable |
| Procurement of disaster intervention equipment | -The procurement of sponges and blankets is complete. -Procurement of canvass sheets and disaster intervention tents/temporal shelter will be done in January | R 100,000 | NIL | NIL | Procurement of disaster intervention equipment in order to be proactive for any envisaged disasters | Adequate disaster intervention equipment(sponges, blankets & tents) for any envisaged disasters | 40% | Not applicable | Procurement process for the disaster intervention canvass sheets and disaster tents/temporal will start in January |
| Procurement of base set and two-way radios | Quotations have been requested from suppliers | R 90,000 | NIL | NIL | Procurement of base set and two-way radios | Procurement of this equipment will enhance emergency responding techniques | 3% | Not Applicable | Not applicable |
| Procurement of furniture and office equipment | Procurement will happen once the Station Officer is appointed | R 30,000 | NIL | NIL | To acquire furniture and office equipment | To enhance professional office situation | 0% | Not applicable | Spending in this vote number will take place after the appointment of Station Officer |
| Community awareness campaigns | Quotations from suppliers including procurement at the end of November | R10,000 | NIL | NIL | To stage community awareness campaigns | To convey knowledge about existing solutions that can reduce the vulnerability to hazards in order to build communities | Ongoing | Not applicable | Not applicable |



| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | dedicated to making strategies towards eliminating risk and disaster reduction | | | |
|--|--|--|--|--|--|--|--|--|--|



Chapter 5: Functional Area Service Delivery Reporting

Budget and Treasury Department



Mr. L. Ndzelu – Executive Manager: Financial Services/Chief Financial Officer (CFO)

Divisions:

- Income and expenditure
 - Expenditure management
 - Expenditure and revenue reporting
 - Accounting and reconciliation of all revenue and expenditure general ledger control accounts
 - Cashflow analysis and management
- Budget, treasury and reporting
 - Financial management reporting
 - Budget preparation, control and reporting
 - Fixed assets management and reporting
 - External loans management and reporting
 - General ledger control and management accounts
 - Investments and grants management and reporting
 - Bank and cash reconciliations



Chapter 5: Functional area service delivery reporting

- Customer care centre and revenue management
 - Customer care management
 - Debt collection and credit control
 - Billing
 - Pre-paid electricity selling
 - Cash collection
 - Debtors management
- Supply chain management
 - Management of procurement of all municipal services and goods
 - Management of stores and demand on services

Strategic objectives:

- To ensure compliance with council policies and legislations
- To provide financial support to all council departments
- To advise mm about financial matters of the council
- To provide monthly, quarterly, annual financial management reports to council



Chapter 5: Functional area service delivery reporting

Budget and Treasury

| PROJECT | CURRENT STATUS | CAP EX | OPE X | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|--------------------------------------|--|--------|-------|---------|---|--|--------------------|--|--|
| Consumer billing and debt collection | <p>Turn around time for billing improved from 4th of the last month to the 1st of the month which is within the target day of the 7th of the month</p> <p>Amnesty period on interest and other collection charges to be allowed to debtors paid in February and March.</p> <p>Problems experienced in previous months billings have been attended to and have been minimized and billing improved.</p> | NIL | NIL | NIL | <p>Billing to be done on time before the 07th of every month.</p> <p>Arrears to be reduced and improve collection on outstanding debtors more than 30 days.</p> | To improve revenue collection through active consumer billing and indigent support | Ongoing | <p>Only hand-overs are done for property rates on arrears.</p> <p>Payments not done as agreed by debtors.</p> <p>FMS challenges after the upgrade</p> | To improve revenue collection through active consumer billing and indigent support |
| Creditors Administration | Invoices are forwarded on time to relevant departments with authorization form printed by the system (Munsoft). | NIL | NIL | NIL | Timely and accurate payment of creditors | Ensure that creditors are reconciled monthly and paid within 30 days of receipt of invoice | Ongoing | <p>Late approval of invoices by relevant departments</p> <p>Invoices submitted direct to other departments get delayed to be forwarded at Creditors section for processing</p> | Payments are done within 30 days of receipts of invoice after necessary approval by relevant Executive Managers and submission to Financial Services Creditors section |



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|--------------------------------|--|-------------|-----|-----|---|---|---------|--|--|
| | | | | | | | | | |
| Furniture and office equipment | <p>Ordered new laptop for the CFO.</p> <p>Acquired the new bulk printer for consumer accounts and reports.</p> <p>Installing fans at Customer Care Centre</p> | R 233,000 | NIL | NIL | To have office equipment and furniture which is in good condition | To have good condition furniture & office equipment | Ongoing | <p>Limited Budget</p> <p>Old office equipment like printers and computers which breaks now and again</p> | Not applicable |
| Indigent Support | <p>-Indigent Applicants for 2008/ 2009 –those who met the requirements have been approved by Council during June</p> <p>Council also resolved to write off arrears for rates and services in respect of Indigent customers</p> | R 2,483,381 | NIL | NIL | Provide free or subsidies services for registered indigent beneficiaries as approved for 2007/08 budget | Ensure that indigent households register to Data Base for 2008/09 and number of beneficiaries is improved to represent GKM status | Ongoing | <p>Lack of enthusiasm by households to make applications for subsidy</p> <p>Previous beneficiaries who did not renew their applications coming forward late requesting subsidy</p> | <p>To subsidized all approved indigent households and to avoid unnecessary growing of debtors balance</p> <p>Write off all debts for indigent beneficiaries which accumulated prior qualification for the subsidy</p> <p>Subsidy on free electricity and refuse removal is provided on monthly basis to approved indigent house holds for 2007/08</p> <p>New and renewal applications have been invited for 2008/09 and closed at the end of April</p> |



| | | | | | | | | | |
|--|--|-----|-----|-----|---|---|---|--|--|
| Supply Chain Management | <p>Supply Chain Management Reports on all Bids and procurement of services to be submitted before the 7th of every month</p> <p>Bids invited before 30 May 2008 have been evaluated, adjudicated and submitted to MM for final award</p> | NIL | NIL | NIL | To ensure stores & inventory management is in line with the requirements of MFMA, to support the purchasing, acquisition, demand and disposal of goods and services on time | Acquisition of goods and services in a cost effective and efficient manner | Ongoing | <p>Non availability of dib committee members on time / at the same time</p> <p>Limited capacity in the Supply Chain Unit</p> | <p>Procurement of goods is done in line with the supply chain policy</p> <p>Required bid committees are in place and functioning. Specifications committee has been formally established as well</p> <p>All bids issued before end of April 2008 have been evaluated and adjudicated</p> |
| Management, National/Provincial Treasury reports | <p>Reports submitted on 09/06/08</p> <p>National treasury monitoring reports submitted on 10/06/08</p> <p>Conditional reports submitted on 10/06/08</p> | NIL | NIL | NIL | Preparation of monthly expenditure and income, monthly cash flows, budget implementation reports and other financial matters | Preparation and submission of monthly timorously & accurate reliable reports for Management, Council considerations | <p>Monthly reports to be submitted on time every month</p> <p>However, challenges were encountered where Treasury is claiming that the municipality did not submit – NT & PT have been contacted to resolve</p> | Many new processes being implemented on reporting formats by national treasury | Financial Services familiarizing itself with Munsoft reports |



| | | | | | | | this discrepancy | | |
|--|---|-----|-----|-----|---------------------------------------|--|---------------------|----------------|--|
| Fixed Assets Managem ent and Reports | <p>Bar coding scanner ordered and delivered</p> <p>Assets Clerk appointed and has started with physical verification as well as maintenance of the FAR</p> <p>Signing of maintenance contract with Ngubane & Co.</p> <p>Proceeds on sale of disposal of obsolete assets through the auctioneers was received in May 2008</p> <p>Update of a FAR in line with GAMAP as well as addressing matters raised in AG report on fixed assets</p> <p>Reconciliation of Fixed Asset Register to the GL is in progress</p> | NIL | NIL | NIL | To have updated fixed assets register | Updating of Fixed Assets Register and submission of monthly reports on fixed assets management | Ongoing | Not applicable | <p>Infrastructural assets to be evaluated and be categorized clearly on the asset register</p> <p>Immovable assets to be clearly categorized in the asset register</p> <p>Physical verification to be done at least quarterly</p> <p>Gaps between finance and other departments on the requisition and acquisition of assets</p> |



Chapter 5: Functional area service delivery reporting

Corporate Services Department



Mr. L. T. Somtseu – Executive Manager – Corporate Services

Divisions:

- administration
- human resources
- council support
- information communication and technology

Strategic objectives:

- Strategic objectives of the administration function are as follows:
 - Develop and execute administrative municipal policies
 - Develop and execute delegations of order
 - Plan, execute and enhance strategies for operational efficiency
 - Manage Municipal properties
 - Manage records and information circulation
 - Render auxiliary services
 - Provide internal and external messenger services



Chapter 5: Functional area service delivery reporting

- Strategic objectives of the Human Resources (HR) function are as follows:
 - Provide strategic human capital leadership to the Municipality
 - Develop and execute HR policies
 - Synergize and standardize HR procedures across all departments
 - Initiate and implement human capital strategies
 - Identify solutions to deal with the labour market needs
 - Ensure compliance with the HR policies
 - Manage employee-employer relations
 - Represent employees in all matters of dispute resolutions and consultation
 - Design and implement employer-employee relations management philosophy, strategy and approach
 - Implement labour relations policy and legislative framework
 - Manage employment information and records
 - Design and implement skills development framework
 - Facilitate provision of a responsive organizational design
 - Manage and facilitate the recruitment processes
 - Co-ordinate and facilitate acquisition of strategic human capital
 - Design a workplace skills plan
 - Design an annual training plan
 - Design and implement employment equity plan
 - Handle and process leave applications
 - Design and implement Human Capital management systems
 - Implement and monitor employee probation management systems
 - Facilitate creation of posts as per service delivery demands
 - Facilitate job analysis and description writing
 - Manage and facilitate job evaluation
 - Manage and execute employee maintenance and remuneration
 - Manage employee health and safety issues
 - Design and manage employee assistance and wellness programs
- Strategic objectives of Council support services are as follows:
 - Provide functional and support to all activities of Council
 - Execute recording and minute taking services for Council structures, e.g. Council, EXCO, and portfolio committees
 - Co-ordinate preparation and issue agenda for Council and its sub structures
 - Compile and facilitate execution of Council resolutions and those of other sub structures



Chapter 5: Functional area service delivery reporting

- Organize and bind Council minutes and agenda
- Strategic objectives of Information, Communication and Technology (ICT) services are as follows:
- Maintain data integrity
- Install and configure software
- Administer electronic information and data security
- Create a safe environment for data analysis and interpretation
- Manage and maintain ICT network functions



Chapter 5: Functional area service delivery reporting

Programme: Human resources and administration

| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|---------------------------------|--|------------|------|---------|--|--|--------------------|--|---|
| Records and Document Management | <p>Council and Exco minutes for 2006/7 financial year have been sent to book binders for binding</p> <p>An old filing plan is in place. A draft of the new filing plan has been sent to KZN Archives for approval</p> <p>Funding for the development of an electronic information management plan has been approved by DBSA. Advert calling proposals in that regard have been placed on</p> | R1 000,000 | NIL | NIL | Effective records and document management | <p>To bind Council and Exco minutes of 2006/7 financial year</p> <p>To formulate a framework for disposal of records and a new filing plan</p> | 97% | An insignificant portion of work has been done by end of June 2008 and the project will be practically commenced in 2008/09 financial year | <p>To implement the new adopted filling in the temporal office structure in next coming financial year</p> <p>GKM has made a provision for the counter funding for this project for an amount of R213 000, in the 2008/09</p> |
| Property Management | The project /function is being done internally. A report with the list of all leases, valid and not valid has been tabled at Council on 26 June 2008, most of the lease | NIL | NIL | NIL | Appointment of a service provider for property management | Agreements shall be terminated, reviewed, market related rentals be negotiated and potential lessees shall be invited through adverts | 100% | There is a handwritten register for municipal owned properties, and no formal electronic data of profiled Municipal properties | To commence with the process to review commercial lease agreements |
| Development of By-laws | First volume of municipal by-laws has been adopted by Council and to be drafted into gazette Provincially in the near future | R 300,000 | NIL | NIL | By-Laws developed to assist in the governance admin, & municipal management. | To establish the Municipal code of by- laws | 100% (vol. 1) | An order was done and forwarded to Government Printing Works, Pretoria in March 2008. As at 27 May 2008, such has not | To ensure that the sixteen adopted (Vol.1) By-Laws are drafted into the provincial gazette and coded thereof |



| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|-------------------------------|--|-----------|------|---------|--|---|--------------------|---|--|
| | Second volume of by-laws has been included on Council agenda dated 29 May 2008 for adoption | | | | Development of a second volume of by – laws. | | | been drafted into gazette Volume 2 set of By-laws has been included on Council agenda dated 29 May 2008 for adoption | To forward copies of Vol. 2 of by-laws to Govt Printers for drafting into gazette within the 1st quarter of 2008/09 fin. Yr. |
| Contract Management | This project done internally. All contracts have been audited. The Contract Management function has been transferred to Financial Services, Supply Chain Management Unit, with effect from 01 July 2008. | NIL | NIL | NIL | Verification of validity of contracts Audit & review of all commercial Municipal contracts kept in Records office | Identification & appointment of suitable service provider Verification of existence and validity of contracts Creation of an electronic database of contracts | 100% | Unaudited municipal contracts There is a handwritten contract register and no electronic database of Municipal contracts | The electronic and manual data base will be transferred to financial services |
| Upgrading of the ICT Services | Upgraded ICT services for all municipal offices, except the building inspectorate offices | R 822,000 | NIL | NIL | Upgraded ICT services and connection of all Municipal offices to the main server | To upgrade the ICT Services To establish ICT Unit | 100% | No foreseen challenges as the network runs efficiently, except in some offices situated in the town hall building | To ensure that Di Data is on site for relocation of the server, network and telephone system to the town hall – due to the coming municipal main |



| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|--|--|-----------|------|---------|--|---|--------------------|---|---|
| | | | | | | | | | office renovations |
| Telephone management solution | <p>Municipal telephone lines have been barred from making national, international as well as cell phone calls.</p> <p>Most users are using email as the main communication tool</p> <p>Telephone costs are being reduced from month to month</p> | R 973,236 | NIL | NIL | Introduction of technology in telephone use management | Reduction of costs in telephone use. | 70% | There is no proper telephone management solution in place | <p>To ensure that TELKOM is on site for the installation of the new telephone management system in the offices in the town hall and all other buildings.</p> <p>Telkom has been approached with regard to the quotes in respect of the installation of the new system</p> |
| Investigation for the building of a municipal civic centre | <p>Transaction Adviser has been appointed</p> <p>Progress report was tabled at Council meeting held on 30 April 2008, and was accepted by Council</p> | R 800,000 | NIL | NIL | <p>The PPP process is time consuming and its scope is a bit wide</p> <p>Completion of a PPP feasibility study and outcomes thereof</p> <p>Conducting a PPP procurement</p> | To investigate the building of a municipal civic centre | 49% | Not applicable | To call for expression of interest by developers and to identify strategic assets to be sold in order to fund the building of the new municipal civic Centre, and/or other possible solutions |



| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|-------------------------|--|--------------|------|---------|-------------------------------------|--|--------------------|----------------|---|
| | | | | | process | | | | |
| Filling of vacant posts | The recruitment process is an ongoing process. The personnel admin co-ordinator was appointed in mid- June | R 277,480.36 | NIL | NIL | Reduction of high rate of vacancies | To ensure service delivery through having adequate human capital | 98% | Not applicable | Not applicable |
| Skills Development | The WSP has been submitted on time to LGSETA The machine operators have been assessed and they have been found competent but recommendations were done in terms of fine tuning their skills | R 500,000 | | | Well trained staff | To enhance performance through capacity building | 95% | Not applicable | The appointment of the service provider for conducting Skills Audit and the implementation of the WSP |
| Organogram Population | There is currently less than 5 employees whose posts are not within the structure and they are on cost to company | NIL | NIL | NIL | To place displaced employees | Ending uncertainty with regard to placement | 100% | Not applicable | Not applicable |



| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|--|---|-----------|------|---------|---|--|--------------------|--|---|
| Interpretation and Finalisation of HR Policies | The policies have been adopted but have not yet been interpreted | NIL | NIL | NIL | User-friendly policies | Creation of sound level of understanding the HR Policies | 0% | Through the mid year budget adjustment, the amount budgeted for this project was removed | The project be transferred to the next financial year |
| Staff HIV and AIDS Training | -Osolwazi Consultants were appointed to train all staff on this aspect. -Training has been done and completed | R 245,000 | NIL | NIL | Distribution of HIV and AIDS awareness material | Prevention of spreading of HIV and AIDS | 100% | Not applicable | Not applicable |
| Employee Health & Safety Assistance Programme | A health & Safety Committee which comprises of representatives from all departments exists and meets every two months This function is now under social development under the Fire and Disaster Management section | NIL | NIL | NIL | Identification of the key employee health, safety and assistance requirements | Sound and high level of standards of health & safety programme | 0% | Through the mid year budget adjustment, the amount budgeted for this project was removed | Accommodate the project in the next financial year |
| Development of Employment Equity Plan | The plan has been completed and is being discussed at | NIL | NIL | NIL | Determination of employment equity and | Representative workforce and diversity within | 80% | The LLF did not meet leading to the unions' decline to | That the plan be adopted in the next |



| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|---|---|-------|------|---------|---|---|--------------------|---|--|
| | various levels | | | | diversity management | the work place | | bring their inputs in writing . They have indicated that they want the plan to be thoroughly discussed in a fully fledged LLF | Council meeting |
| Investigation of formulation of Employee Group Funeral Scheme | We are still in the process of communicating with service providers in terms of offering a scheme that will also be an investment for the municipal employees | NIL | NIL | NIL | Formulation of group scheme for all employees | Creation of sound support of employees in times of need | 50% | Not applicable | That terms of reference for service provider be completed |
| Appointment of EAP Practitioner – Service Provider | Project has not yet commenced | NIL | NIL | NIL | Professional services rendered at the Wellness Centre | Sound support to the employees | 0% | The appointment could not take place due to the non-availability of the Wellness Centre and funds | Appoint an EAP practitioner |
| Staff Retention | Staff retention strategy has been developed and has been adopted | NIL | NIL | NIL | Reduction of high rate of staff resignation | To retain well trained and scarce skilled employees within the municipality | 100% | Not applicable | The retention strategy be implemented in the next financial year |
| Appointment of service | The project was discontinued after | NIL | NIL | NIL | An operational Wellness | Establishment of a wellness | 0% | Not applicable | Not applicable |



| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|---|---|---|------|---------|---|--|--------------------|--|---|
| provider for renovations of Municipal Wellness Centre | the building was handed over to the Department of Health as a step-down clinic | | | | Centre for the employees, run by the municipality | centre for municipal employees | | | |
| Staff PMS for Post Level 1-4 | Level 1 – 4 employees will have to be assessed in terms of the Performance Management System Policy as we approach the financial year end | NIL | NIL | NIL | Optimum staff performance and productivity | Conversion of post level 4 employees into total packaged / fixed term contract employees | Discontinued | The process of converting post level 4 employees into fixed term contract employees was discontinued | Completion of the performance plans for 2008/2009 and Implementation of the Performance Management Policy |
| Performance Management Framework | Project complete | R 150,000 (The pricing from the service provider is R 48,148.80) | NIL | NIL | Compilation of Performance Management Framework | To ensure the municipal performance planning, monitoring, measurement, review, reporting and improvement will be conducted and managed | 100% | The performance plans for 2008/2009 have not been completed since the SDBIP has not been completed | Completion of the performance plans for 2008/2009 and implementation of the Performance Management Policy |
| Personnel Data Cleansing | Project complete | R 200,000 | NIL | NIL | Proper administration and compliance with the legislation | To ensure proper administration and maintenance of the Personnel Files | 100% | Not applicable | Not applicable |



| PROJECT | CURRENT STATUS | CAPEX | OPEX | REVENUE | KPI: OUTPUT | KPI: OUTCOME | % Targets achieved | Challenges | Plan to improve performance |
|--|---|-----------|------|---------|--|--|--------------------|---|---|
| Organisational Work study & organogram re-design | The service provider is in the process of collecting information and conducting meetings with all departments. | R 200,000 | NIL | NIL | Organisational Work study and organogram redesign | To conduct an organisational work study and alignment of each post with the municipal organogram | 60% | Project is continuing at a slow pace | The constant monitoring of the service provider and roping support from all municipal departments |
| Installation of Payroll and Human Resources Management System (Not in the SDBIP) | VIP was the appointed service provider. The system has been installed and the service provider is currently concentrating on the payroll module since it is the more complex module | R 200,000 | NIL | NIL | Provision of records for all staff as well as legislative requirements | Catering for the payroll and HR requirements | 90% | The amount budgeted for VIP has been exhausted through their visits / maintenance to the municipality and we still need their services. | Completion of the take on data for other HR modules |